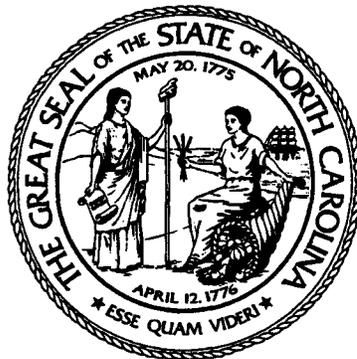
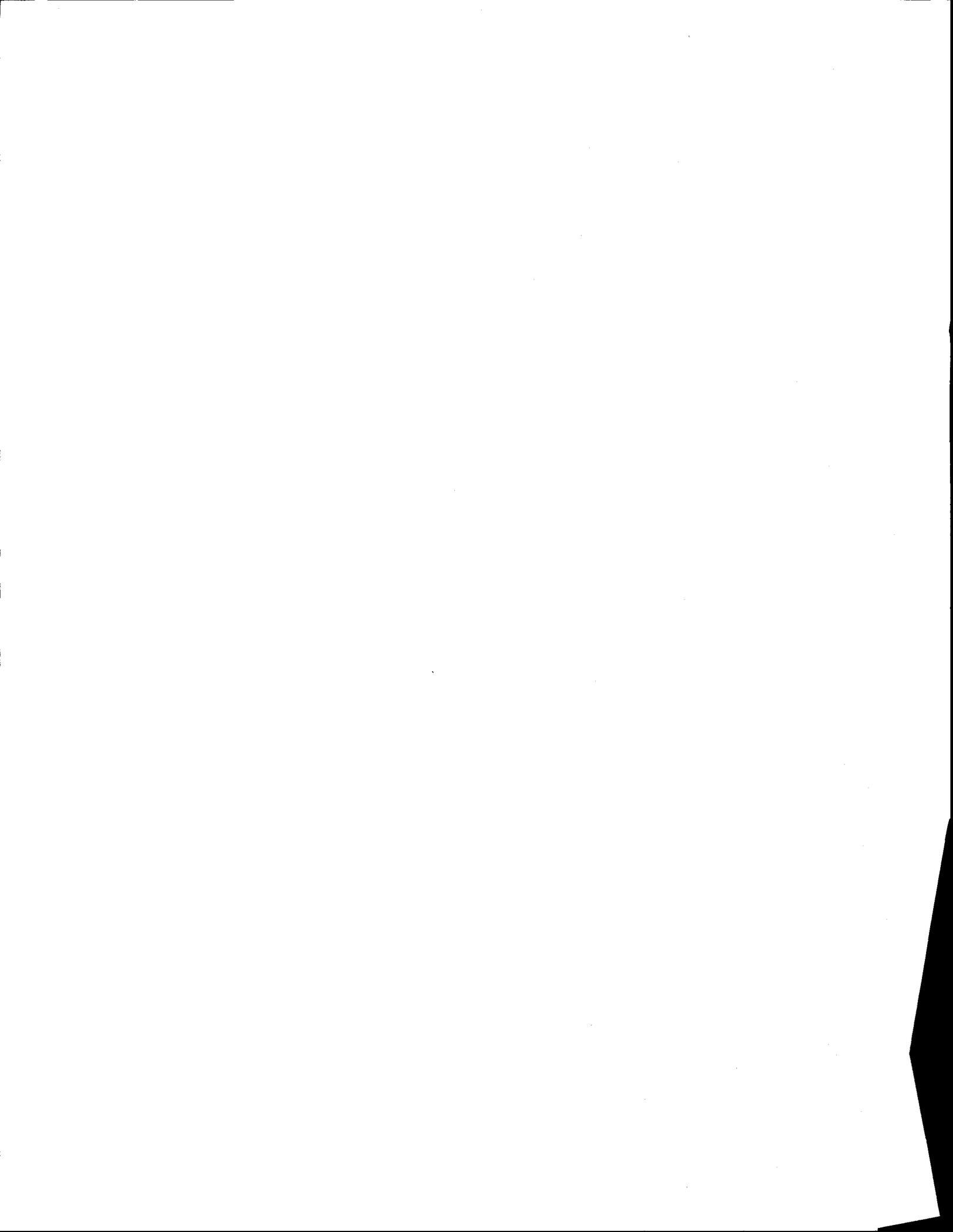


LEGISLATIVE RESEARCH COMMISSION

STATE CONSTRUCTION STUDY



REPORT TO THE
1998 SESSION OF THE
1997 GENERAL ASSEMBLY
OF NORTH CAROLINA



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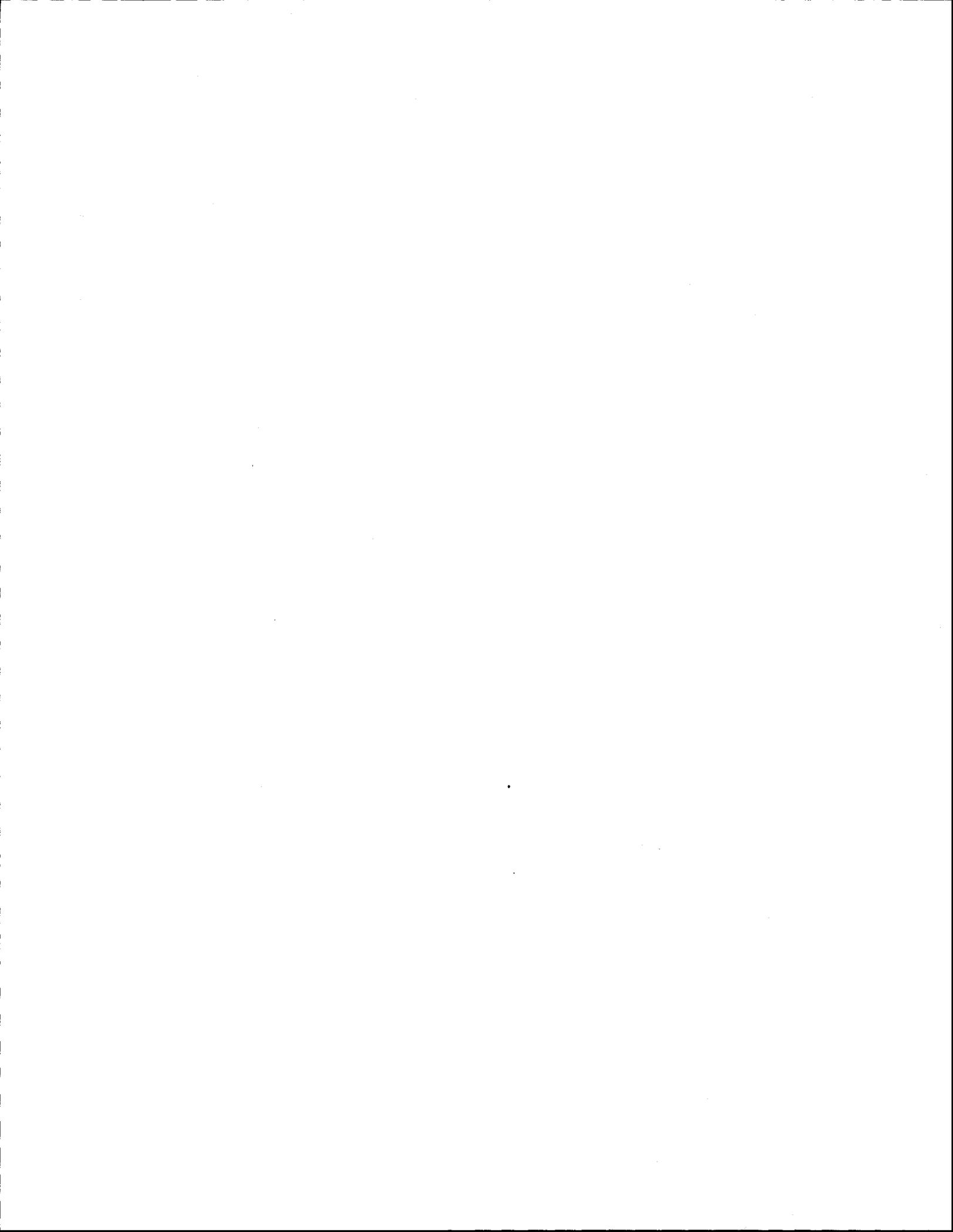


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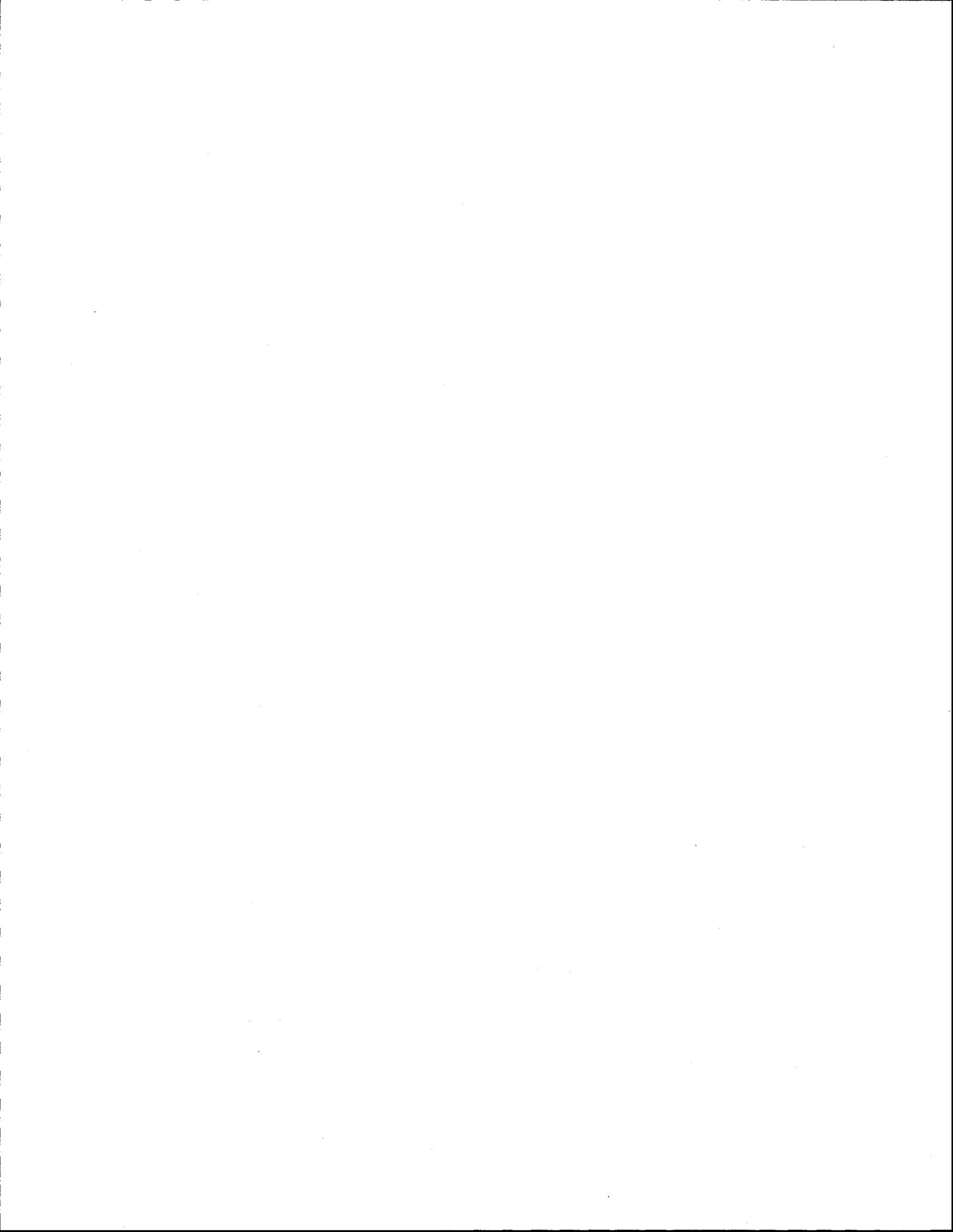
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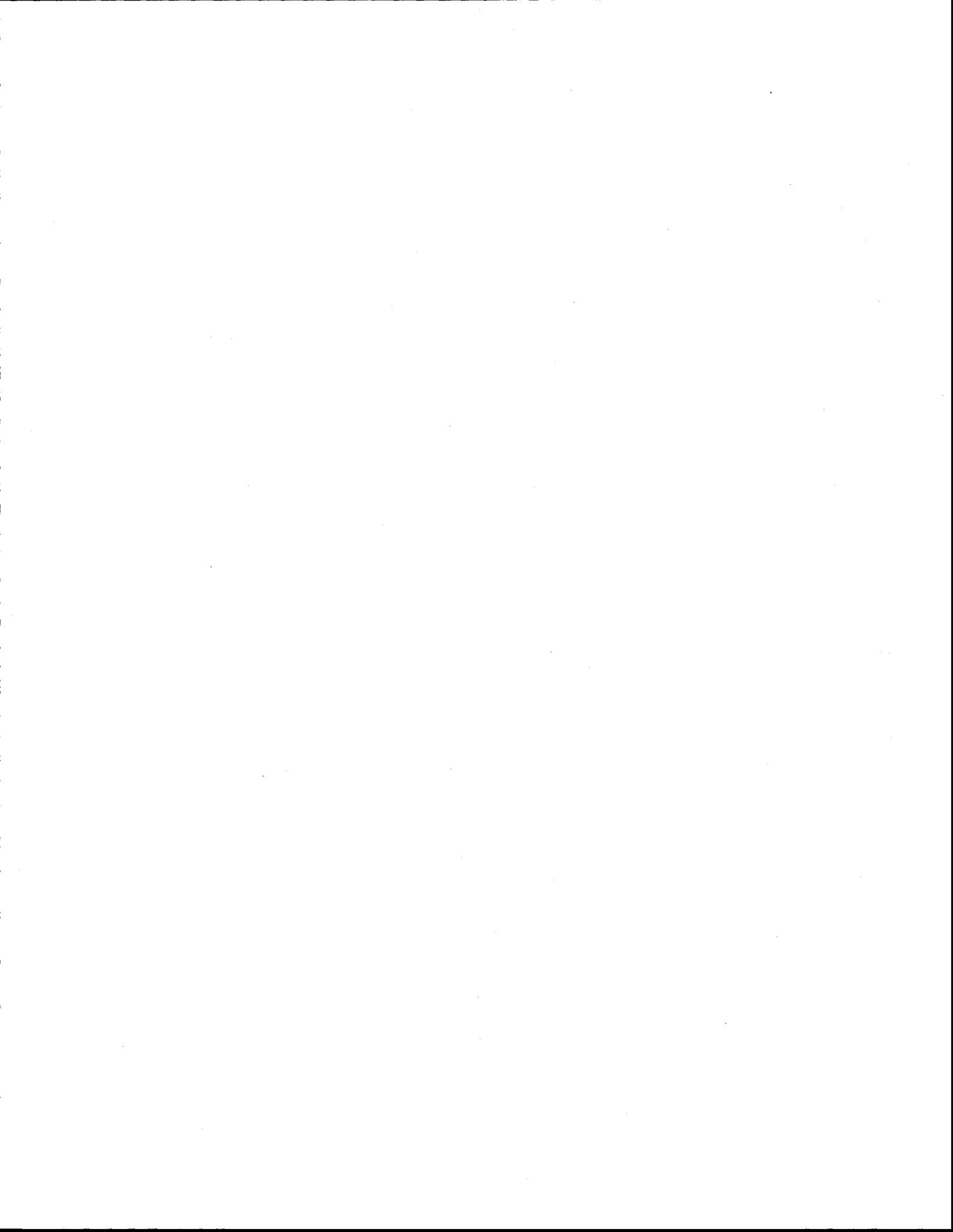
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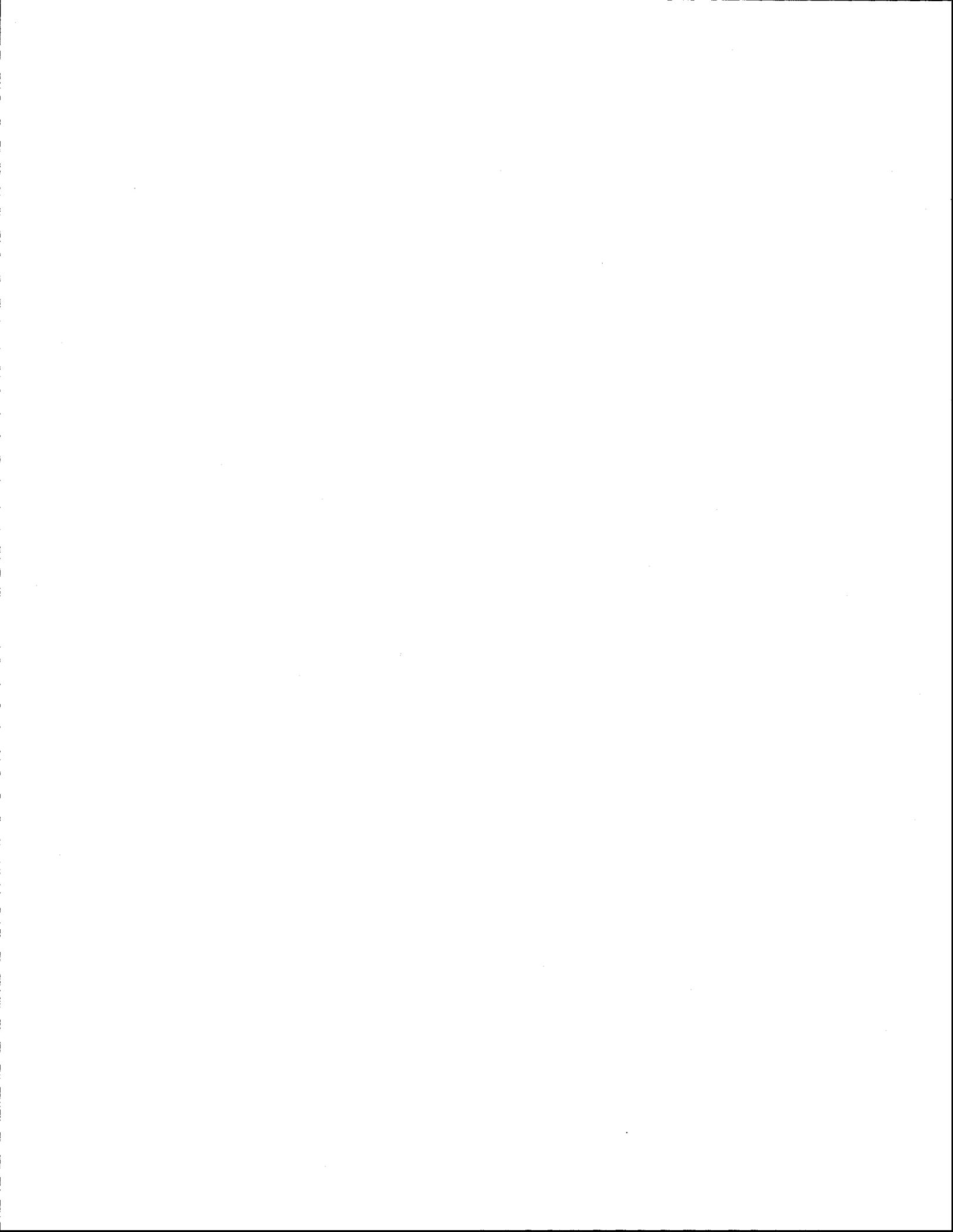
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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27601-1096

May 11, 1998

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY (REGULAR SESSION 1998):

The Legislative Research Commission herewith submits to you for your consideration its interim report on improving the State construction process. The report was prepared by the Legislative Research Commission's Committee on State Construction pursuant to G.S. 120-30.17(1).

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Harold J. Brubaker", written over a horizontal line.

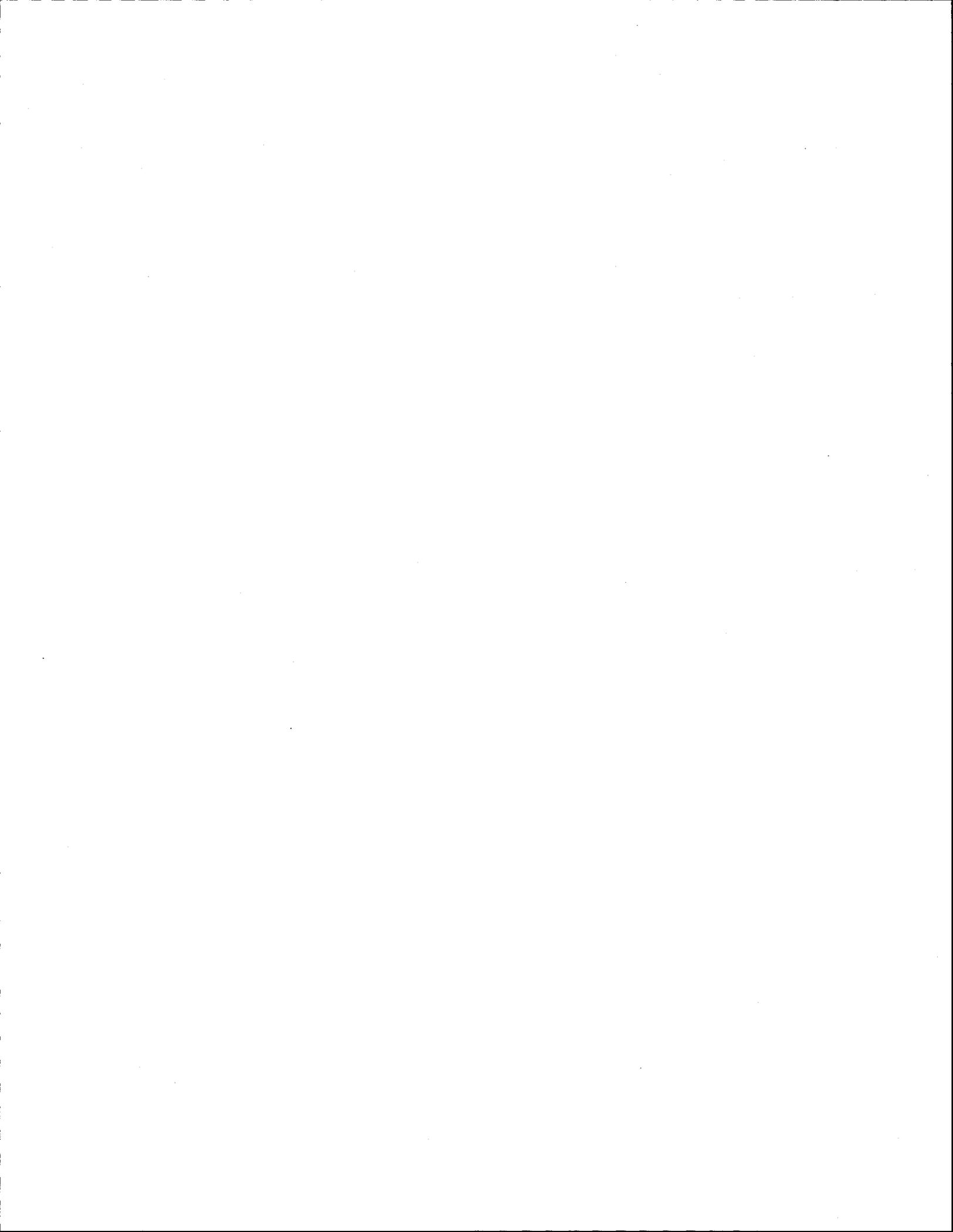
Harold J. Brubaker
Speaker of the House

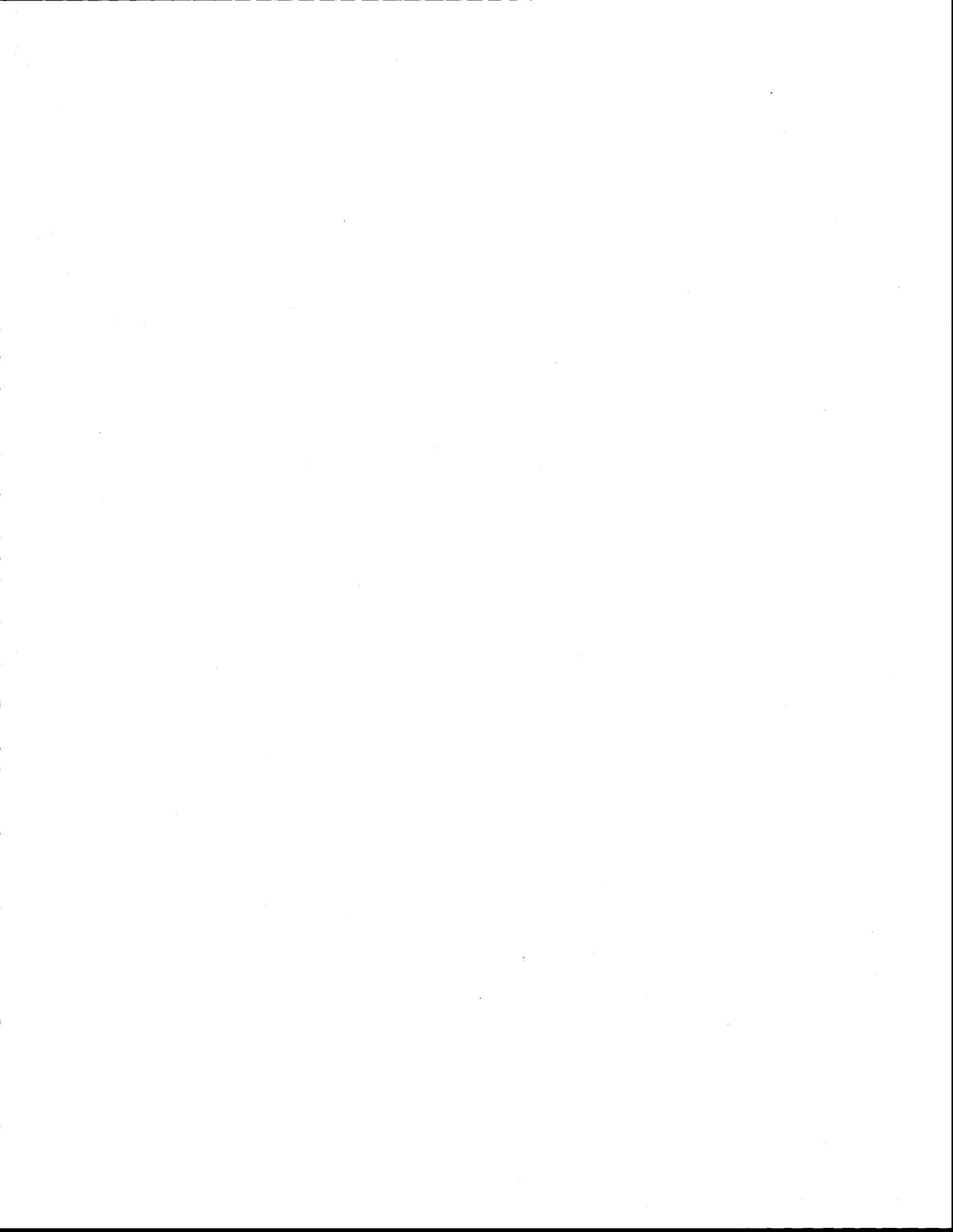
A handwritten signature in cursive script, appearing to read "Marc Basnight", written over a horizontal line.

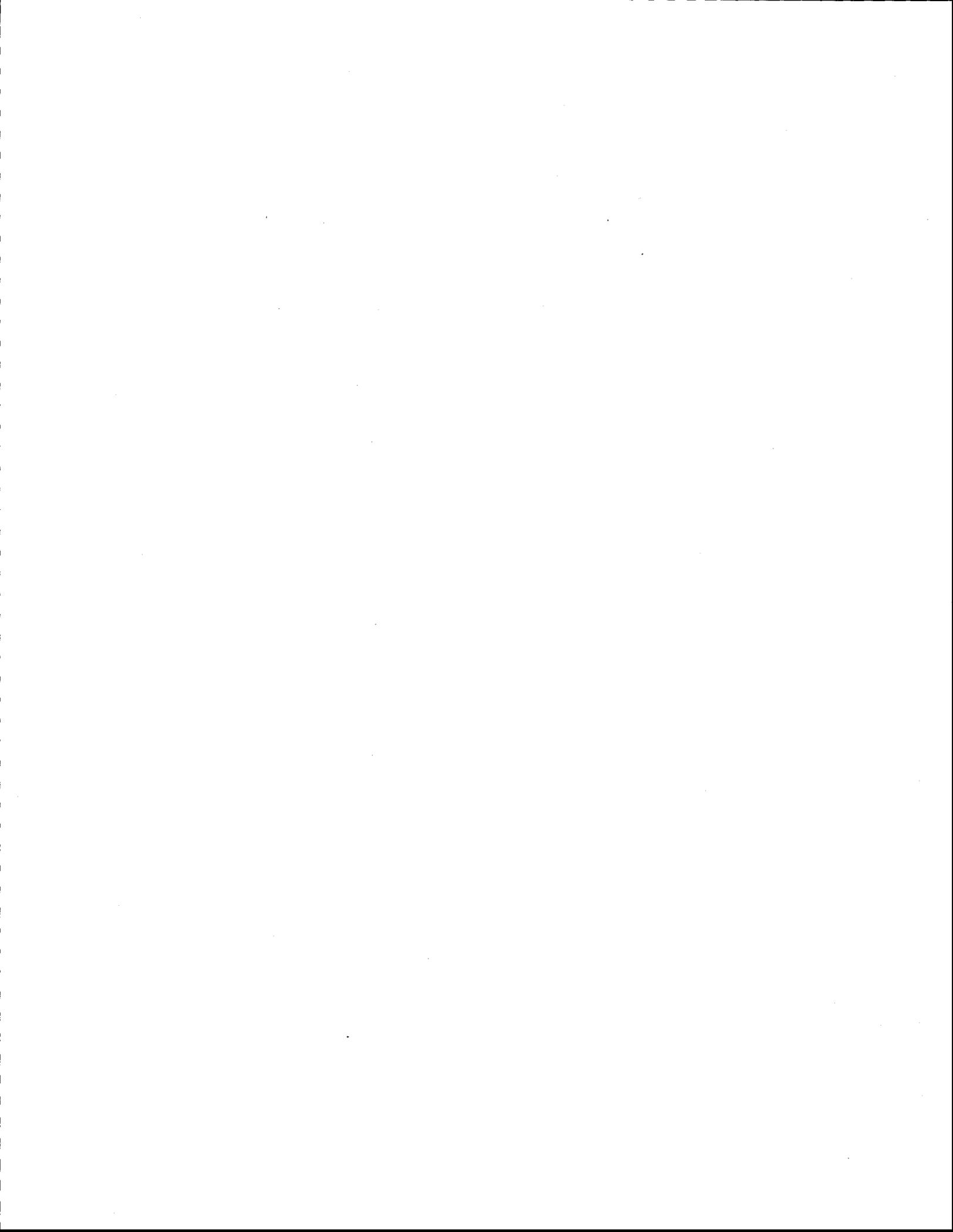
Marc Basnight
President Pro Tempore

Cochair
Legislative Research Commission









1997-1999

LEGISLATIVE RESEARCH COMMISSION

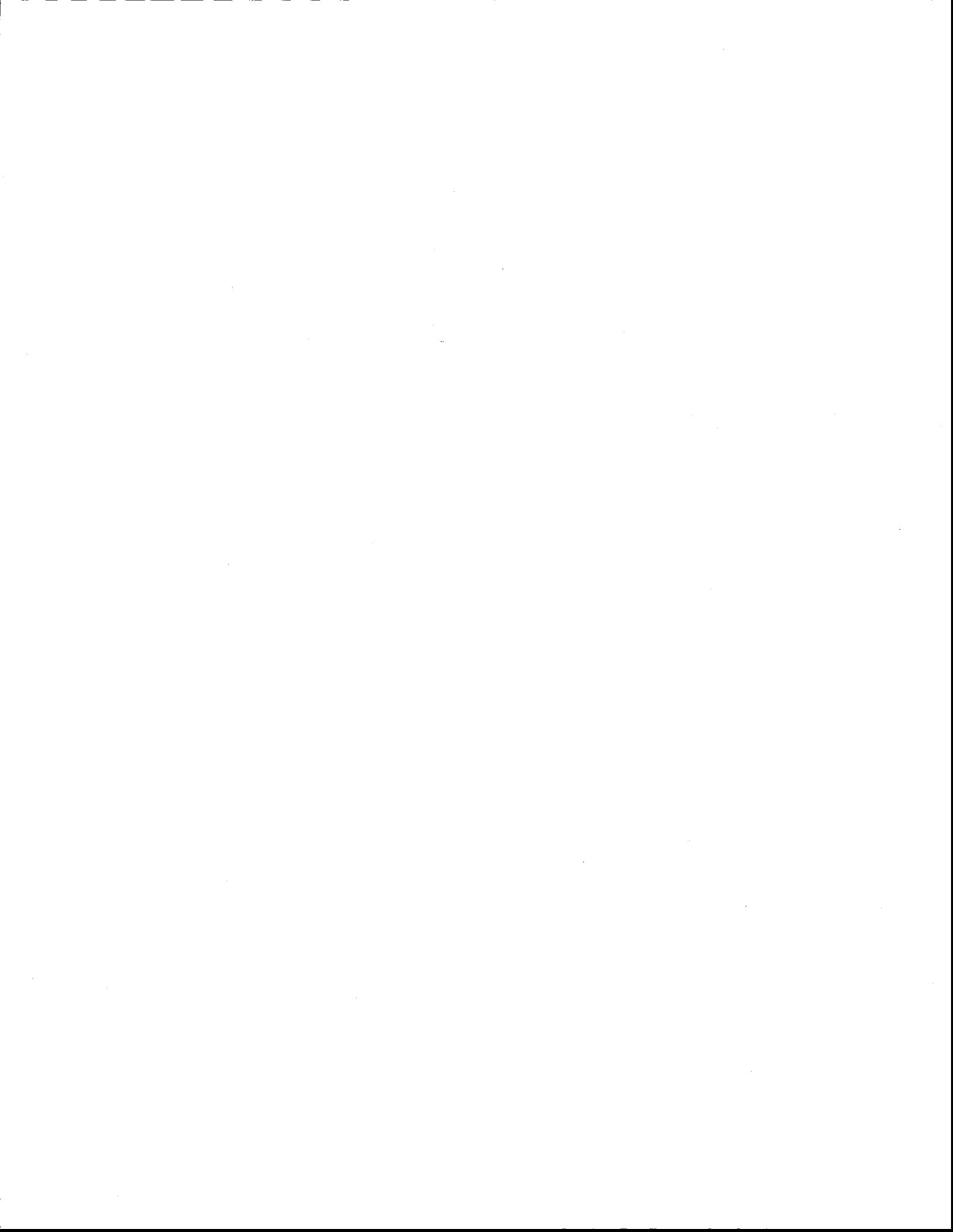
MEMBERSHIP

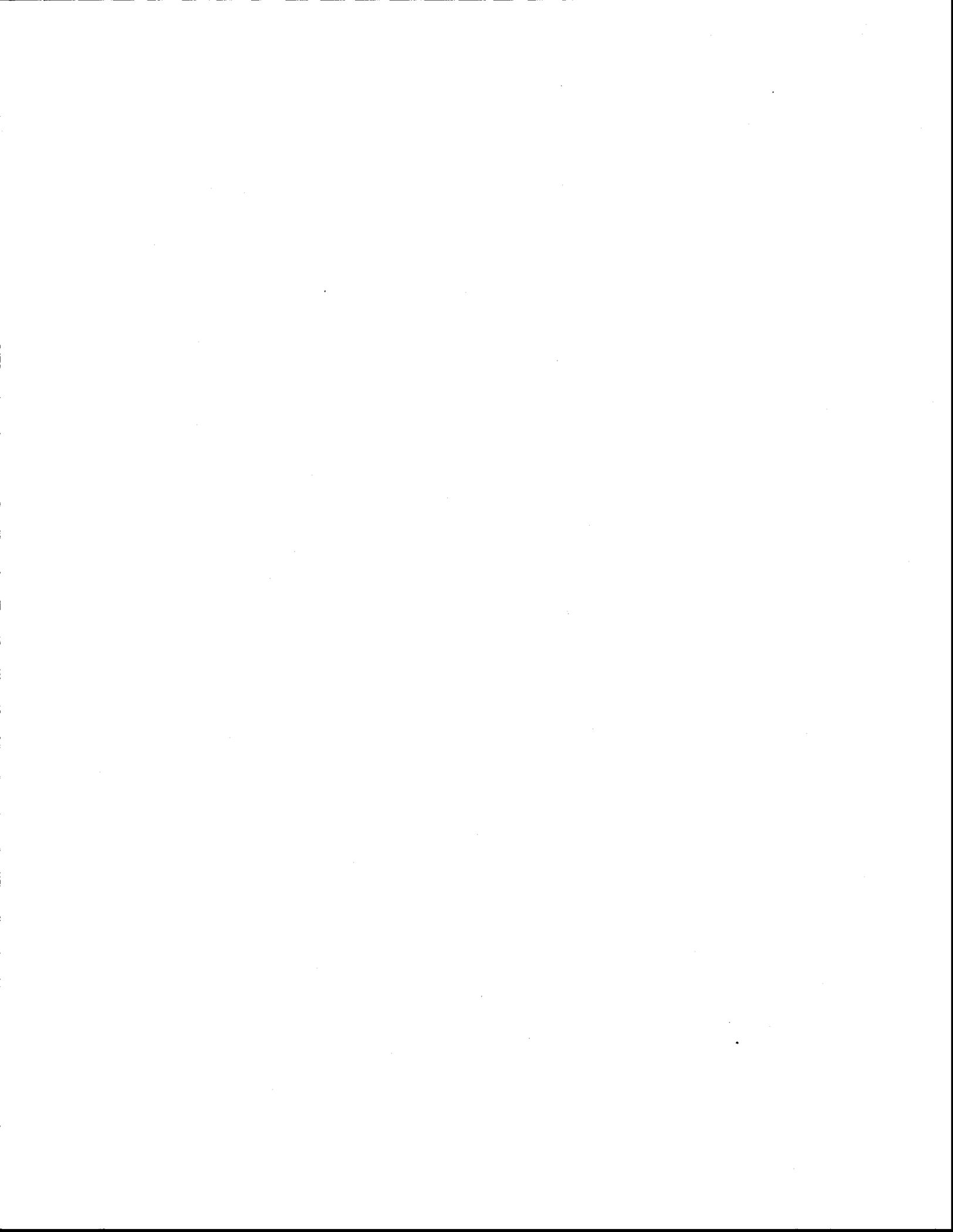
President Pro Tempore of the Senate
Marc Basnight, Cochair

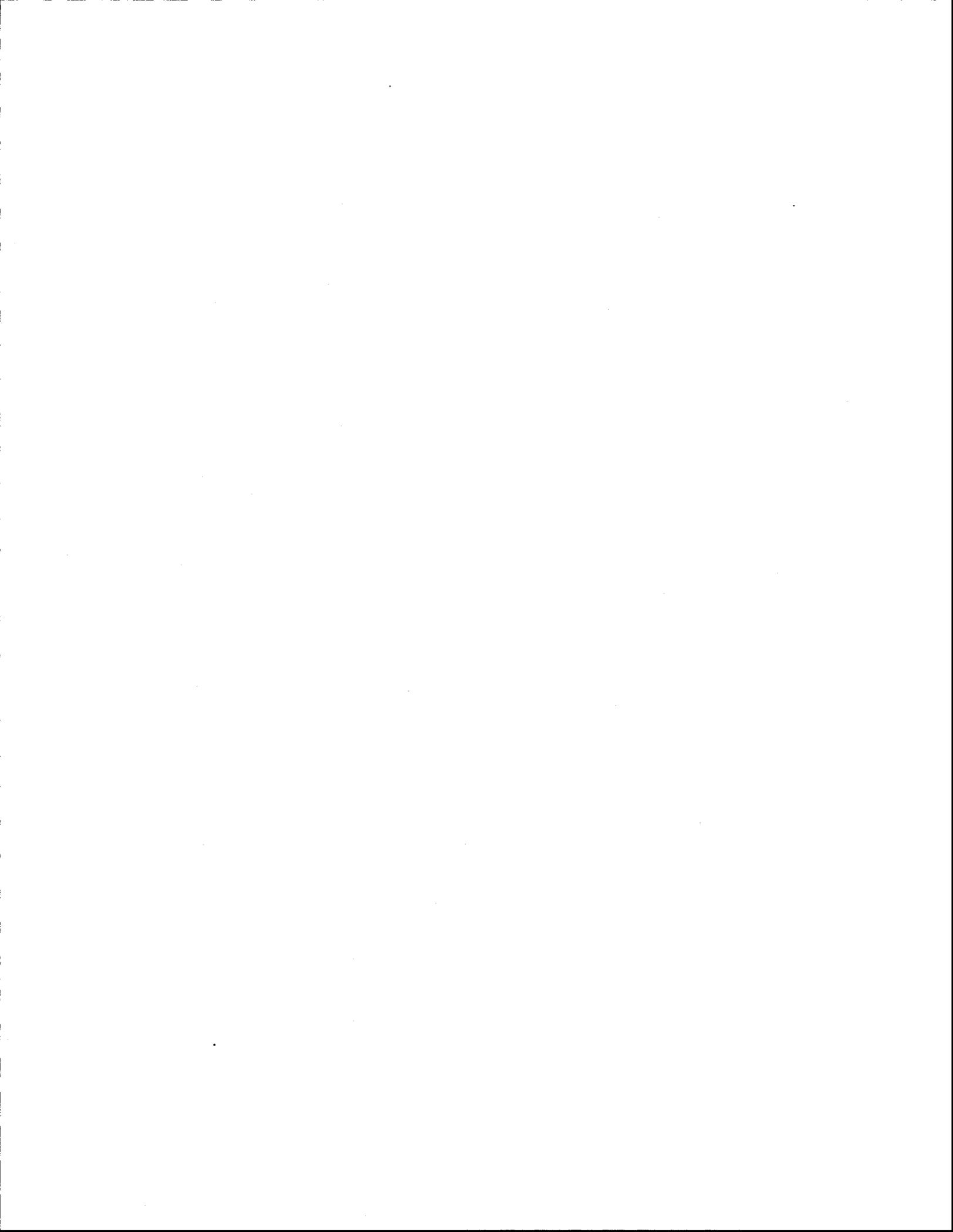
Speaker of the House of Representatives
Harold J. Brubaker, Cochair

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Sen. Frank W. Ballance, Jr.
Sen. Jeanne H. Lucas
Sen. R.L. Martin
Sen. Ed N. Warren

Rep. Michael P. Decker, Sr.
Rep. Jerry C. Dockham
Rep. Beverly Earle
Rep. W. Eugene McCombs
Rep. Gregory J. Thompson





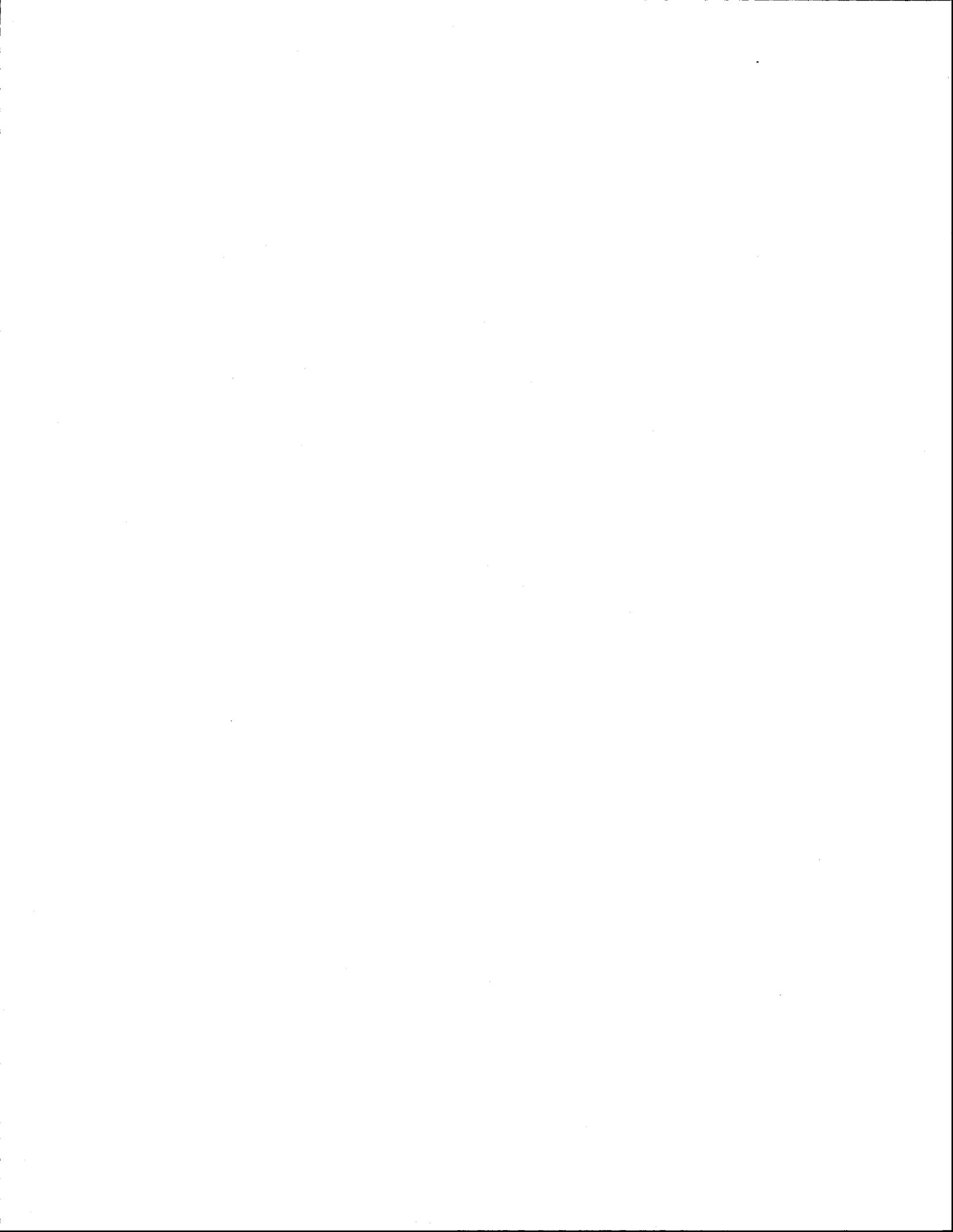


PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1997 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of State construction was authorized by Section 2.1 of Chapter 483 of the 1997 Session Laws. The Committee was chaired by Mr. James H. Boniface and Representative William M. Ives. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.



COMMITTEE PROCEEDINGS

March 3, 1998

The State Construction Study Committee held its first meeting on March 3, 1998. Senator Robert L. Martin called the meeting to order and stated that committee's charge: to find ways to streamline the review and the approval process of state construction projects.

Committee cochair Representative Bill Ives explained how the committee was formed. He indicated that it was set up rather quickly by the Governmental Operations Committee in response to concerns about how long state construction projects were taking. Information supplied by Speros Fleggas, head of State Construction Office ("SCO") in the Department of Administration suggested that it takes an average of three years from the time of an appropriation until ground is broken.

Committee cochair James Boniface presented an overview of what the committee hoped to accomplish. He indicated that his previous experience in a similar study suggested a sequential approach. First, the committee must determine, "**where we are now.**" Similar studies in other parts of the country suggest that areas that need to be looked into are:

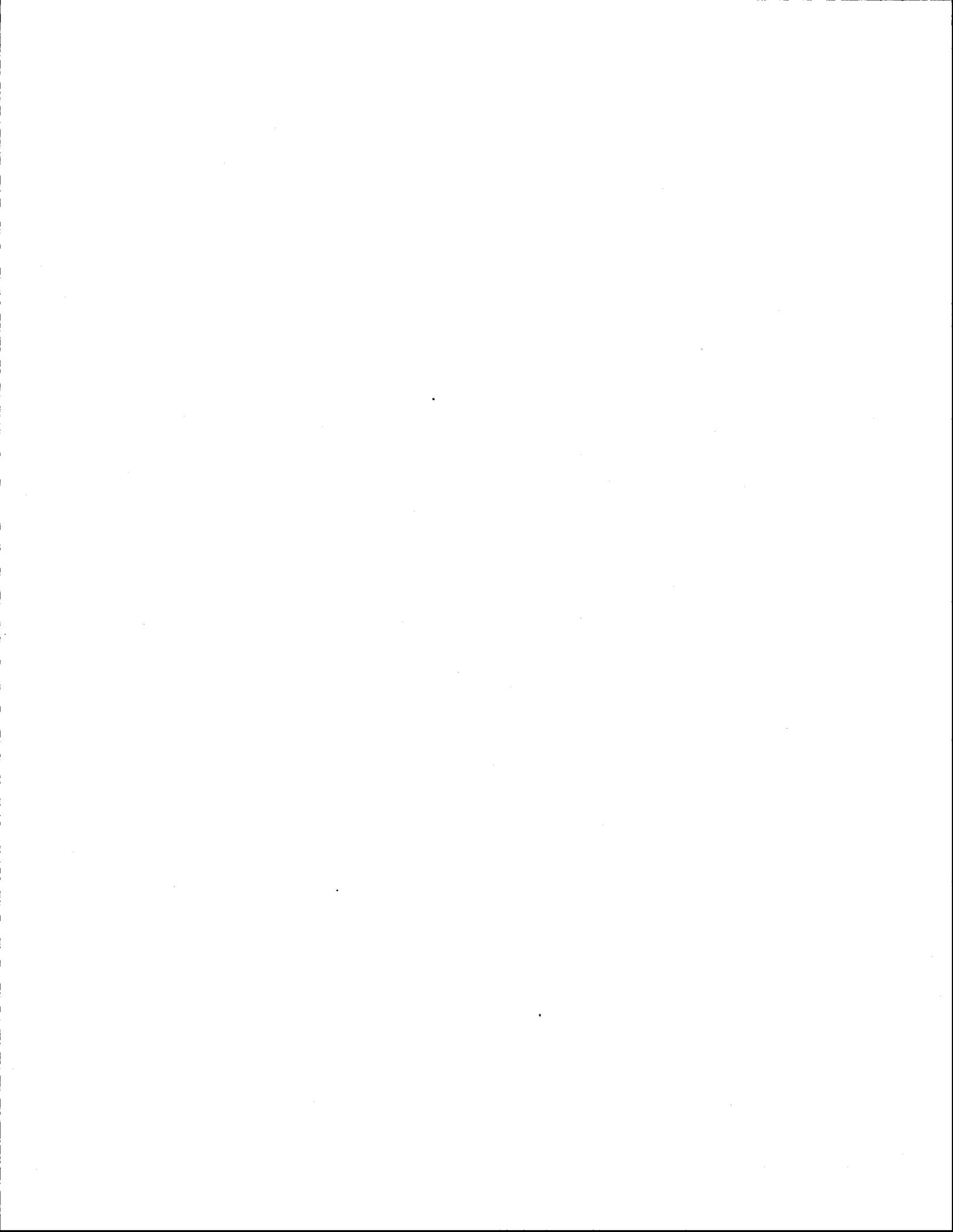
- Management & Organization
- Communication & Information Systems
- Customer Service Culture and Process
- Operational & Financial

In order to fully assess all these areas input is needed from SCO, other reviewing agencies, end users, and outside professionals involved in the process.

The next step in the process according to Mr. Boniface is for the committee to determine, "**where do we want to go.**" Band-Aid approaches will not work because they do not comprehensively address the whole system. The committee needs to know how changes relate to future industry trends. Technology is the most exciting trend. Utilizing computer systems "stakeholder groups" and the clients can submit drawings, get comments, and check on reviews over the Internet and get access almost instantaneously.

Finally, Mr. Boniface said the committee needs to determine "**how do we get there.**" Based on the input derived from the public and private "stakeholder groups," the committee must determine whether legislation or administrative changes are needed to improve the process.

Mr. Boniface then gave a brief overview of the state construction review process. SCO enforces compliance with its own manual, and advises clients on contractual issues, statutory requirements, procedural issues, forms, documents, and guidelines for state facilities. There are usually as many as five



agencies looking at the codes, so there is obviously some duplication as well as a potential for conflicting agency code interpretation.

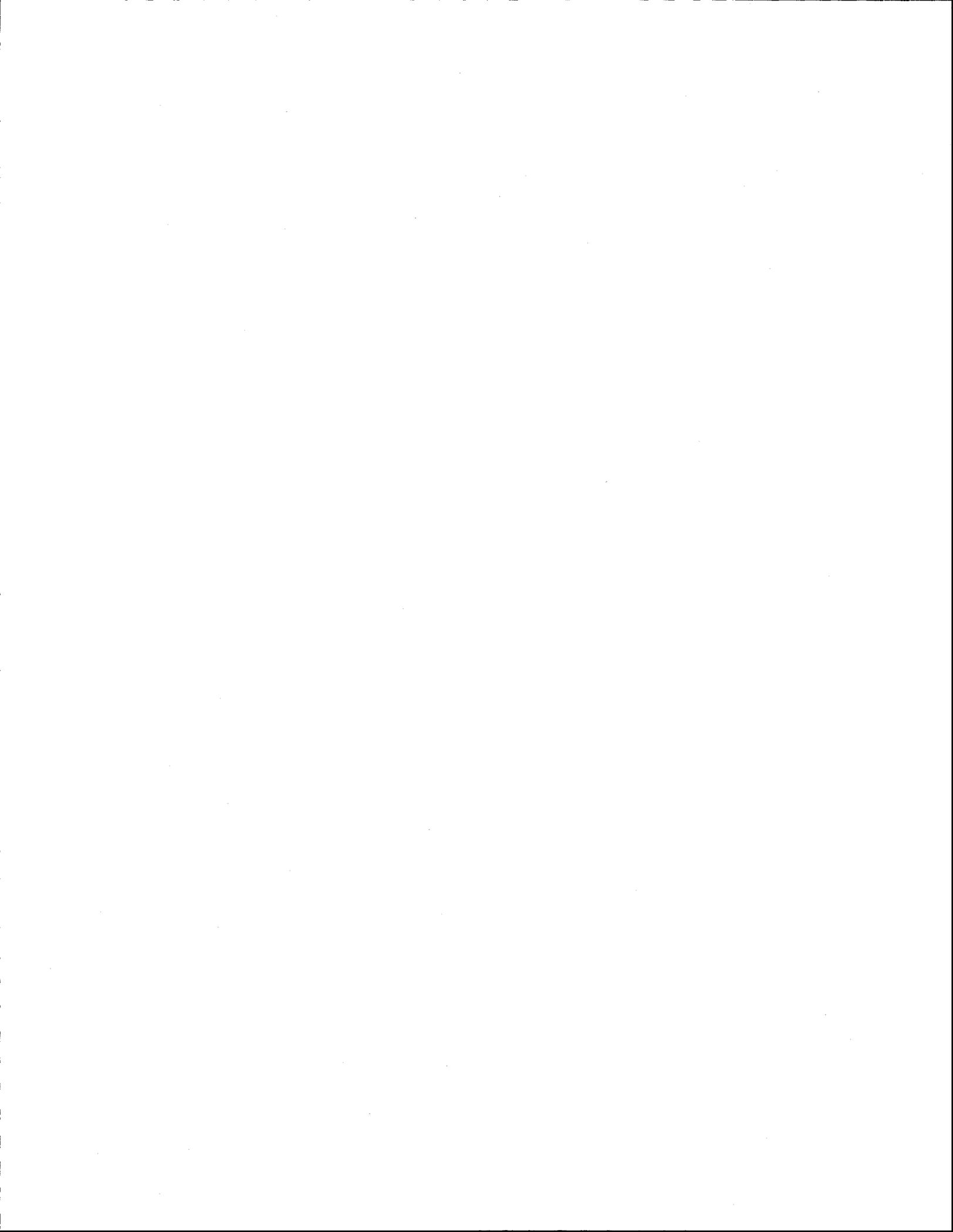
Other agencies that may get involved in reviewing a project include the Department of Insurance, the Department of Labor, the Department of Health and Human Services, the Department of Environment and Natural Resources. The Department of Insurance is responsible for the building code reviews. The Department of Labor is involved in new building projects if there is an elevator in the building. The Department of Health and Human Services gets involved if the project involves a state owned medical facility or kitchens. In addition, the Department of Environment and Natural Resources, city and county agencies, the Department of Transportation, the Department of Agriculture, and the Department of Cultural Resources, and State Telecommunications Services may also get involved and have to be contacted.

Mr. Boniface concluded his comments by stating that there appears to be a strong movement towards establishing national and international building codes by the year 2000 or 2001. Thus, the committee should be aware that North Carolina as well as other states will have to react to the consolidation of building codes across the country. There is also an economic issue for the state if industry will not move to North Carolina because of the delays in building.

Bill Davis, the senior architect in SCO's review section, also addressed the committee. He presented a chart that represents the process and average time for 33 representative projects selected from the university system. These projects are not reflective of everything done in the office. These projects average \$8,000,000.00 a piece, and their median value is \$5,000,000.00. The time spent in renegotiating a project to bring it within funding is reflected in the chart. A copy of the chart is contained in Exhibit E.

A question and answer period followed, during which representatives from SCO made the following points:

- SCO employs approximately 55 architects. They are involved in contractual issues, review issues, and construction site visits.
- Approximately one third of SCO is involved in performing two functions: (i) consulting services; (ii) facilities condition assessment as result of the Facilities Condition Assessment Program ("FCAP") This program requires an inventory state owned properties, assessment of their deficiencies, and cost estimates for repairs.
- SCO conducts an FCAP review for community colleges even though it is not required to by statute. This review is done as a service.
- SCO also reviews requests for capital improvement projects submitted by state agencies. These requests are submitted on an "OC25" form. The office receives thousands of requests for OC25s. Only a small percentage of them make it into the recommended budget.



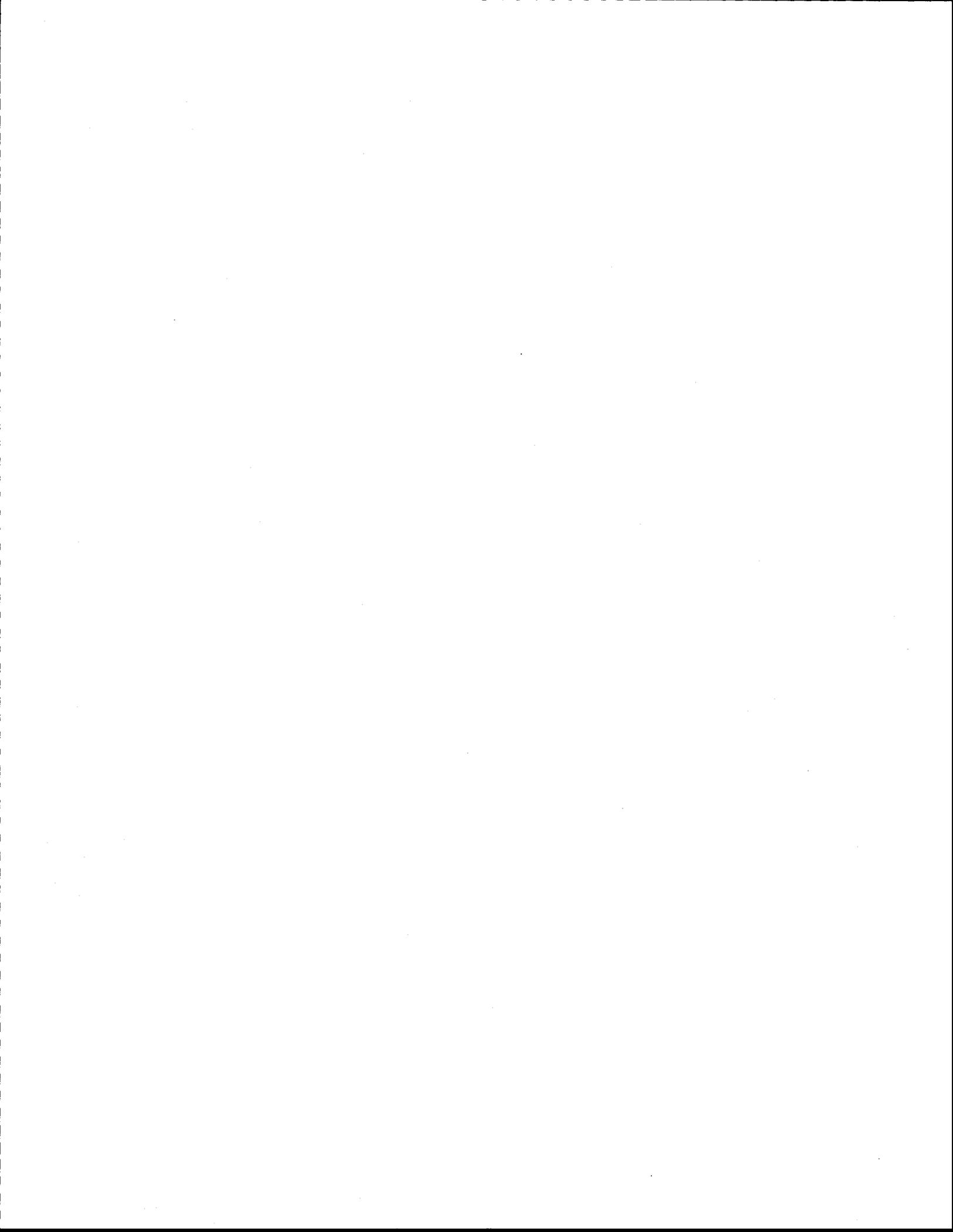
- Many of these projects are not defined at all and many fall into the realm of having problems such as asbestos abatement, wetland issues, etc.
- It is not good to develop a budget using OC25s where there is no defined scope or program.
- Delays in the OC25 process can be generated by the agencies depending on what kind of staff they have to assess their needs.
- There is no time frame put on the agencies by SCO because they have no control over them. Various agencies have their own time frame and indicate this to the designers.
- Each year, at both sessions, agencies resubmit un-funded OC25s that have to be updated for inflation. If the agencies do not, update the OC25s themselves, SCO updates them. This sometimes causes a bottleneck.
- SCO is currently in the process of upgrading its computer system. The current system is ten years old and outdated. The office has an appropriations request for a new computer system. That system will allow users track of projects and get information on the world wide web. The projected cost of this system is estimated at \$720,000. Some funds have already been appropriated. SCO expects it will take 18 months to bring the system on line.
- SCO conducts a Capital Projects Coordinator ("CPC") workshop each year. This is a two day workshop. It is attended primarily CPC's and other select groups that request it. A lot of design firms familiarize their younger members with state projects during these workshops.

March 18 1998

Mr. Boniface opened the meeting and reiterated the committee's charge. He explained that a number of agencies and private professionals involved in the state construction process would be addressing the committee with their comments and concerns.

The first presenter was Mr. Jerrell Freeman the Chief Engineer with the N. C. State Ports Authority ("Ports Authority"). The Ports Authority suggested that the committee study the existing laws and rules governing the process and develop a new system that was more flexible and gave the end users the authority to select the design staff. A more detailed review of the Ports Authority's views is contained in Exhibit F.

Thereafter Mr. Steve Wiettenhaur, a mechanical engineer from SCO gave an overview of charts showing the average time taken by SCO to review projects. Mr. Wiettenhaur indicated that the average turnaround time is twenty days. The department is currently handling twice the number of reviews than it



did five years ago with no increase in staff. Copies of Mr. Wiettenhour's charts are contained in Exhibit G.

Representative Ives asked why some projects have gone as long as three years. Mr. Fleggas answered that a lot of time is spent in the design process between the designer and the client. Representative Ives then asked what can be done to condense this time. Mr. Fleggas replied that a well developed project on the front end at the time of funding and a good statement of needs at the time the General Assembly considers the appropriation along with at least a preliminary time line should collapse the time. Mr. Fleggas said this would provide accountability and predictability for the clients. Mr. Stewart asked if the timeline should be submitted at the time of appropriation or when the OC25 is submitted. Mr. Fleggas answered that the agency should submit some projection of when the facility is needed at the time they submit the OC25. Mr. Boniface asked Mr. Fleggas to provide staff with a total breakdown of SCO employees and their positions.

Mr. Jim Roberts from the Department of Insurance addressed the committee and gave an overview of the Fire Fund and it's mission. Among the concerns cited by Roberts were:

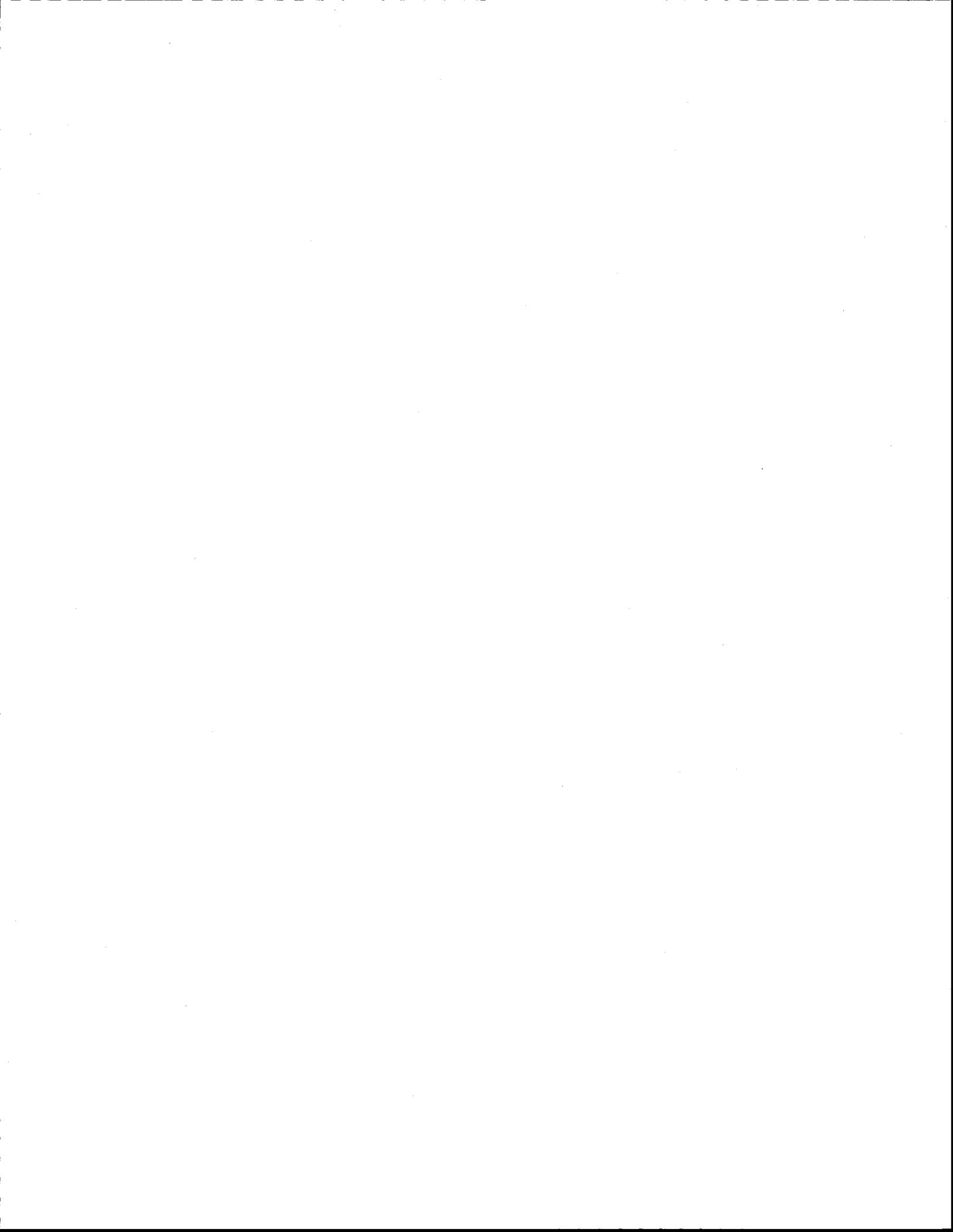
- A steady decline in the quality of plans submitted for review by architects and engineers.
- Too much time elapsing between a project's conception and the time when bids are taken.

A more detailed explanation of the Department of Insurance's position is contained in its position paper which is annexed hereto to as Exhibit H.

Mr. Dana Cope, a legislative liaison for the Department of Labor was the next presenter. Mr. Cope gave an overview of the department. He indicated that the Department's workload has increased dramatically over the last ten years without any increase in personnel. A more detailed account the information submitted by the Department of Labor is contained in Exhibit I.

Mr. Tom Wells, Superintendent of State Parks and Recreation spoke to the committee and gave an overview of problems associated with the Capital Improvements Program and the time it takes to get approval from SCO. Mr. Wells offered three suggestions for the committee's consideration:

1. That the State adopt a "30 day or approved" review time on facets of plan review and permit applications.
2. That the State adopt a graduated system of review. Projects under \$100,000 that are sealed by a certified professional should be exempt from SCO review. Projects between \$100,000 and \$500,000 that are sealed by a registered professional should receive just one review. Any Project over \$500,000 should continue to receive the three reviews required by the current system.
3. Designers wishing to do business with the State should be required to be familiar with the process.



The Division of Parks and Recreation position paper is contained in Exhibit J.

Mr. Philip Albano from the Community Colleges System was the next person to address the committee. He made three suggestions:

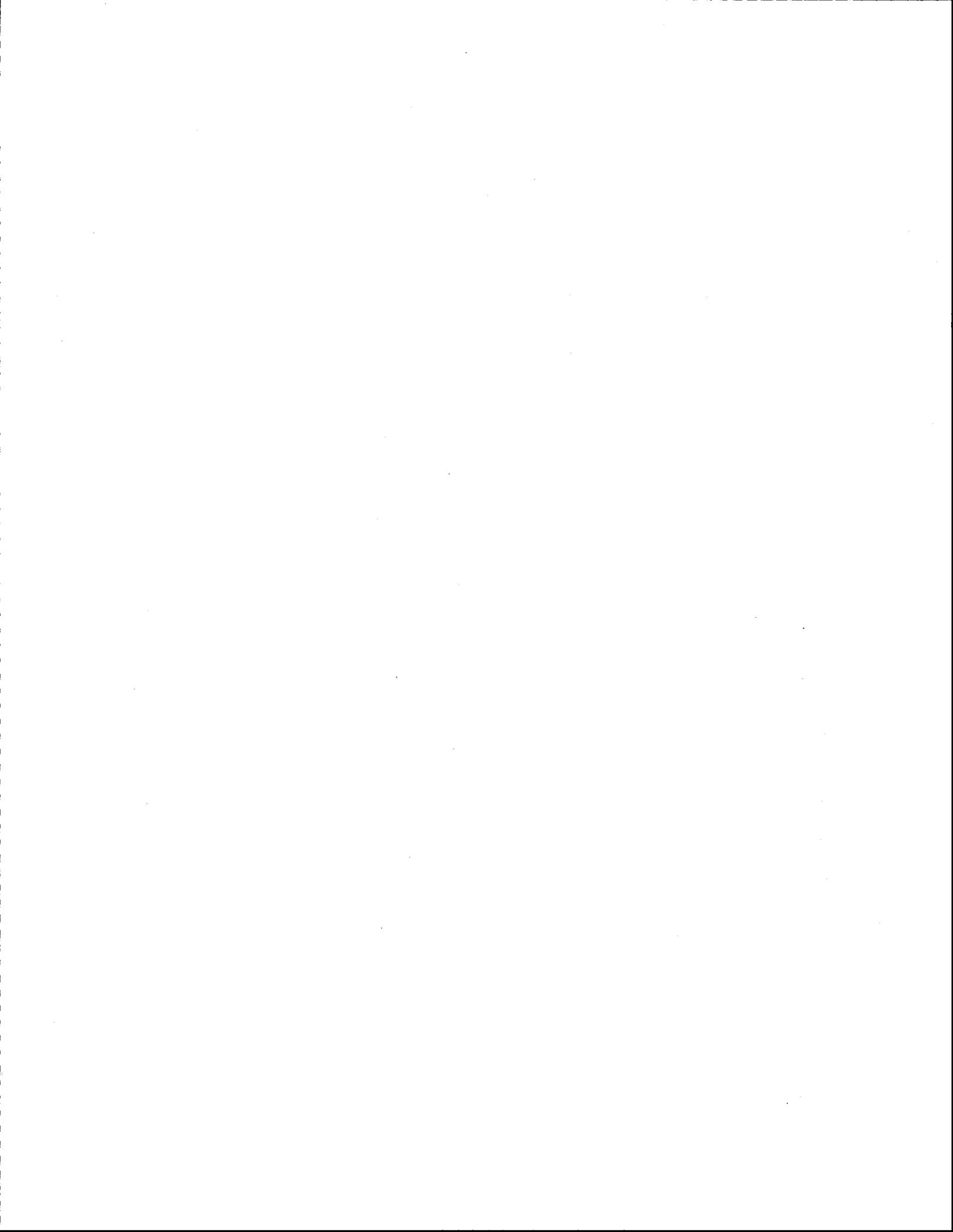
- Approve funding for SCO's new computer system. Linking the various end users and reviewing agencies through the Internet will save time.
- Provide additional funding to SCO to permit the hiring of more qualified architects and engineers who can be cross trained and float between sections as needs arise.
- Revise G.S. § 143-135.3(c) to impose a time limit for obtaining decisions on contract claims so that projects can be closed out and owners and contractors know where they stand with regards to final payments.

A more detailed account of Mr. Albano's comments can be found in his submission to the committee which is contained in Exhibit K.

Mr. Larry Ragland President of the N. C. League of Landscape Architects spoke to the committee and said at the present there is no landscape architect in the State Construction Office and that his first recommendation would be to add one. Mr. Ragland said this is an important environmental issue as well as a design issue. Mr. Ragland then gave an overview of problems facing landscape architects with State Construction and possible solutions. A more detailed account Mr. Ragland's comments are contained in Exhibit L.

Mr. Herbert McKim of the AIA North Carolina was the next presenter. Mr. McKim discussed ways to streamline and improve the State Construction design review process. Among Mr. McKim's suggestions were:

- Funds should not be appropriated until a firm scope and budget are established. Advanced planning has gone awry. As initially conceived the process required agencies and selected designers to explore a project conceptually. Then a program, hopefully with a specific site, would be budgeted and the budget would reflect the scope of the project. The legislature would then approve funds for capital projects that had a defined scope and budget. Thereafter, the user agency and the designer would be held accountable for complying with the scope and funding.
- Exclusive of issues relating to building codes, SCO should develop written guidelines for issues covered by other reviewing agencies and the designer should be held to those standards.
- If submittals for review are incomplete they should be rejected. Designers should not be allowed to submit incomplete documents in order to "buy time."



- SCO should not be reviewing for designer compliance with codes. This is already handled by other agencies which are charged with this task.

- The General Statutes already cover the practice of architecture. State Construction should not allow designers to use the office to "redicheck" plans. Design teams are responsible for complete work and should take the consequences if they submit incomplete work.

Mr. McKim's full comments are contained in Exhibit M.

Mr. Chuck Wilson representing the Carolinas Association of General Contractors briefly addressed the committee and offered the following ideas to improve the State Construction process:

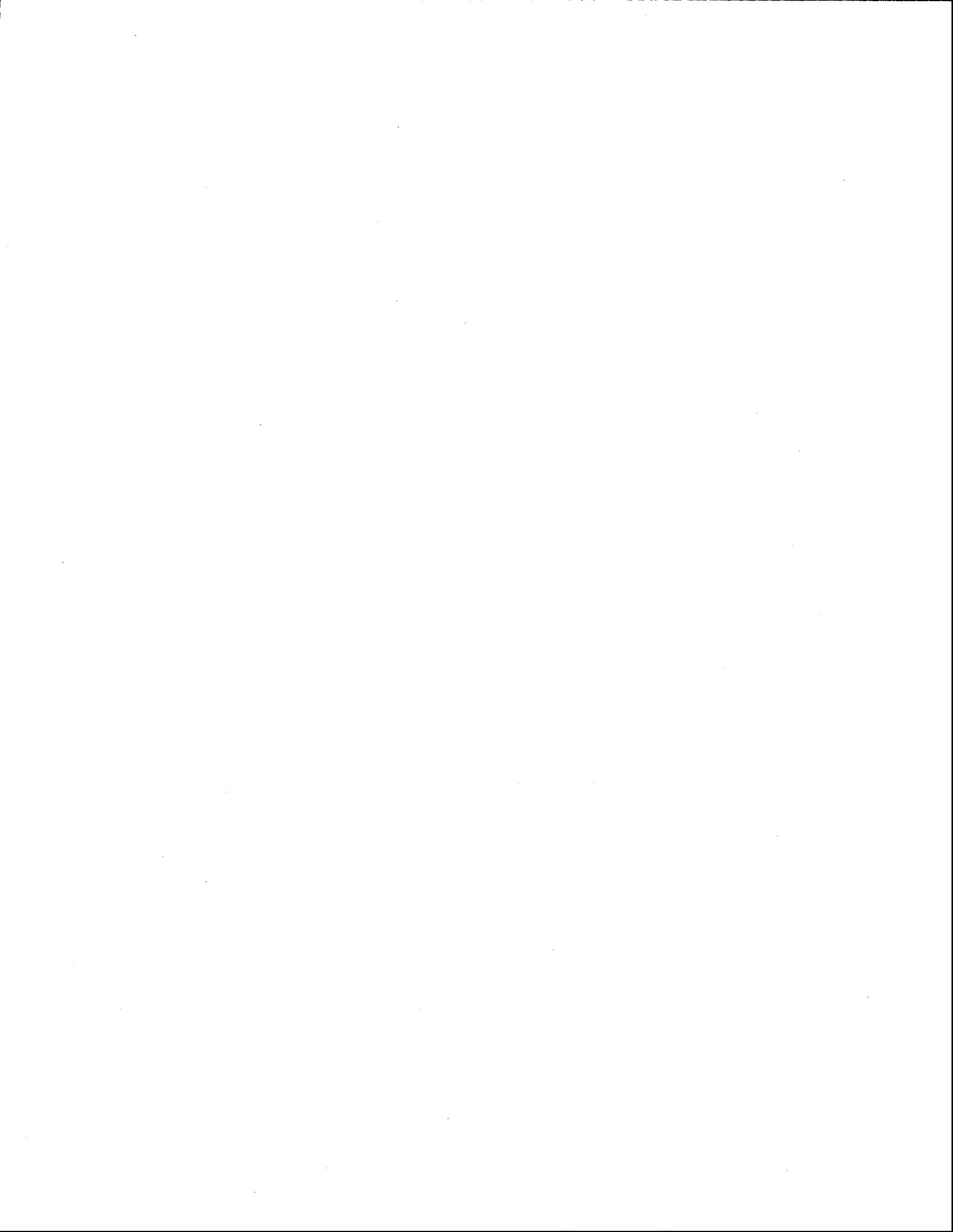
- Provide funds to upgrade SCO computers.
- Establish a one-stop design review process.
- Educate SCO employees on ways to expedite the process.
- Include design time tables and construction time tables in budget requests.

The Carolinas Association of General Contractors' position paper is found in Exhibit N.

Mr. Kevin McNaughton from the University System spoke to the committee and said the University System is mindful of the recent responsibility they have been given in the last session by the General Assembly to supervise projects under \$500,000 without having to go through SCO. Mr. McNaughton strongly endorsed the proposal for new software and hardware in SCO to track projects. Mr. McNaughton felt that this would produce more accountability, awareness and efficiency.

Mr. Keith Newcomer the Executive Director of the North Carolina Association of Plumbing, Heating, and Cooling Contractors also addressed the committee. His comments are contained in Exhibit P.

March 31, 1998



Representative Ives opened the meeting. Michael Taylor, from SCO, made a brief demonstration of SCO's proposed new computer system. The new system, "*Interscope*," will allow SCO to provide the following services on the Internet:

- A one stop site where designers and user agencies can communicate with SCO, track projects, and obtain information.
- Automatically notify SCO and designers when deadline are missed or actions are required.
- Save time and eliminate mistakes by automatically filling out contracts and forms with required information that is already contained in SCO's data base.
- Provide project histories.
- Provide designers with their own accounts where they can access information on works in progress and provide SCO with required information over the Internet.

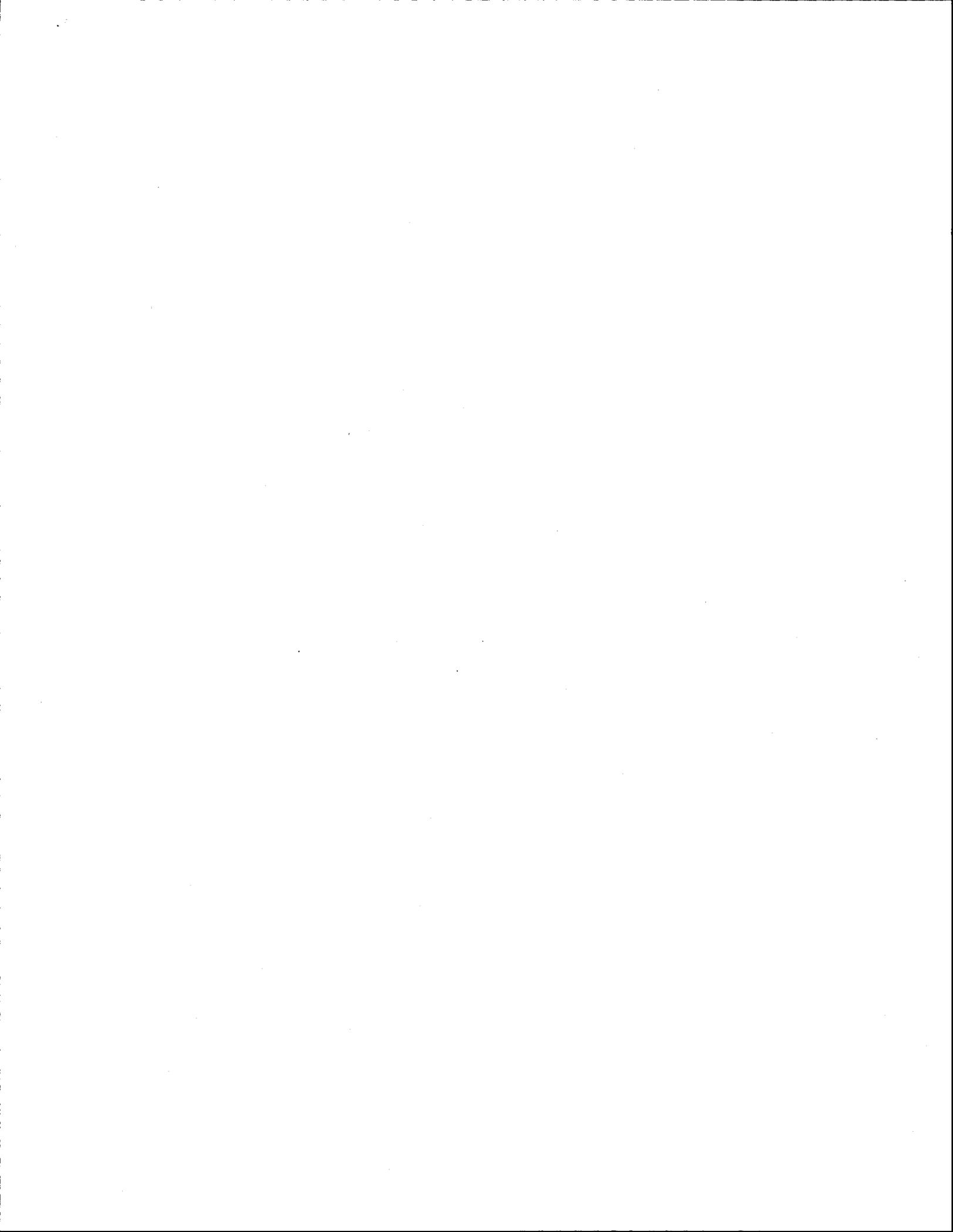
Debbie Liske, a consultant with Lotus Corp., was also present and assisted Mr. Taylor in his presentation. She explained that SCO was choosing create its own software because readily available software applications did not provide enough flexibility. The system that SCO is designing will be able to be modified as use changes and will be able to be adapted to job specific applications.

Mr. Boniface inquired whether SCO had sought input on the new system from other reviewing agencies. Mr. Taylor indicated that SCO was in the process of doing that. Mr. Johnson expressed the view that the greatest potential benefit of the system will be the ability to coordinate reviews by government agencies. To that end, it is imperative that all other reviewing agencies "sign on" to the proposed system.

In response to further questions from the committee, SCO's representatives made following points:

- The system will be able to give tutorials to new designers through it public access page.
- Designers will be able to address review comments directly through the system. Drawings will be able to sent back and forth through the system. Thus review comments will be able to be addressed quickly and efficiently.
- The system is expected to come on line in 18 months. SCO approximates that it will need \$400,000, over current funding, in order to complete the project.

Mr. Kenneth A. Hunt was the next person to address the committee. Mr. Hunt is one of the individuals at SCO who is responsible for reviewing OC25s. Mr. Hunt made the following points:



- OC25s must be completed for all capital construction projects requiring expenditure of \$100,000 or more.
- SCO assists user agencies in completing OC25s by way of a memo dated September 30, 1997. A copy of this memo is contained in Exhibit O.
- One of the primary problems with OC25s is that the scope of the project is not current. A lot of OC25s are "wish lists." By the time that bids are received, the estimate contained on the OC25 is no longer valid. In addition, the scope of the project frequently changes once funding is approved.
- The perception is that projects are not considered "serious" until they are funded.
- SCO primarily uses square footage as a guide to estimating the cost of projects.

A discussion on the OC25 process was then moderated by Representative Ives, who asked for suggestions on how to fix the process. Speros Fleggas, SCO's Director, suggested that user agencies obtain help up front from the design community in filling out OC25s. He stated that appropriating funds for "advanced planning" created a "double edged sword." On large projects advance planning was helpful and could be cost effective. However, its benefits were diminished on smaller projects as its possible that projects would never get funded and funds would thus be wasted.

Willy Stewart indicated that some institutions already have designers on retainer. Those designers would most likely be glad to assist in completing OC25s, as they would most likely view it as way of gaining an upper hand in getting new projects.

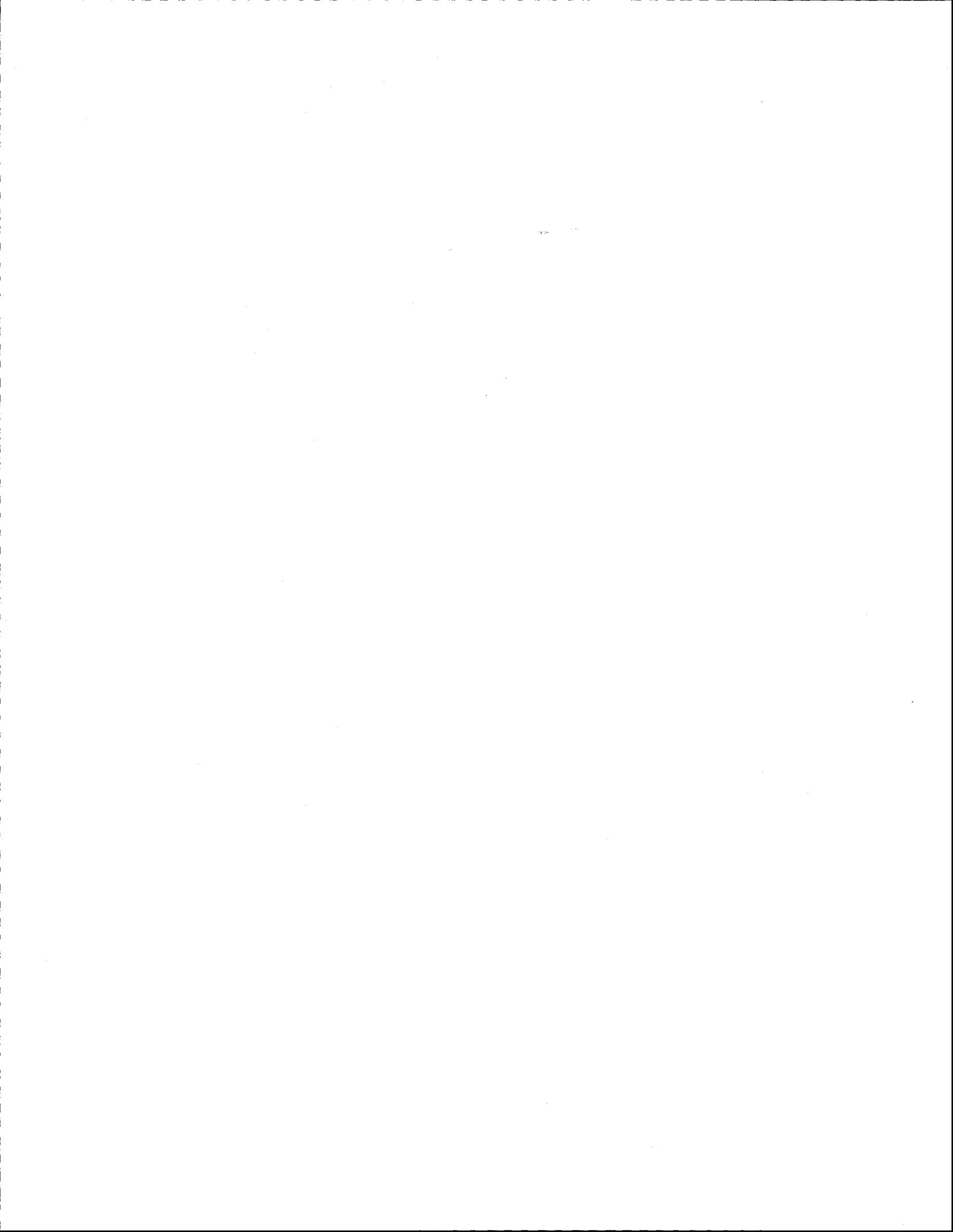
Mr. Hunt, from SCO, indicated that construction prices vary regionally. SCO's data could be a useful resource in determining regional as well as other price variances. However, SCO does not have the staff to interpret that data.

Mr. Preseley then suggested that SCO employ regional teams of designers, contractors, SCO employees, and other design professionals to assist agencies in accurately completing OC25s, so that the scope of a project could be well defined at the outset.

Mr. Boniface pointed out that SCO's statutory charge was to "prepare preliminary studies and cost estimates and otherwise assist all agencies in the preparation of requests for appropriations." Mr. Johnson suggested hiring more employees so that SCO could fulfill its statutory charge.

Mr. Boniface then moderated a discussion of the issues raised by the information presented thus far. After a brief discussion the committee prioritized those issues as follows:

1. Incomplete project definitions.



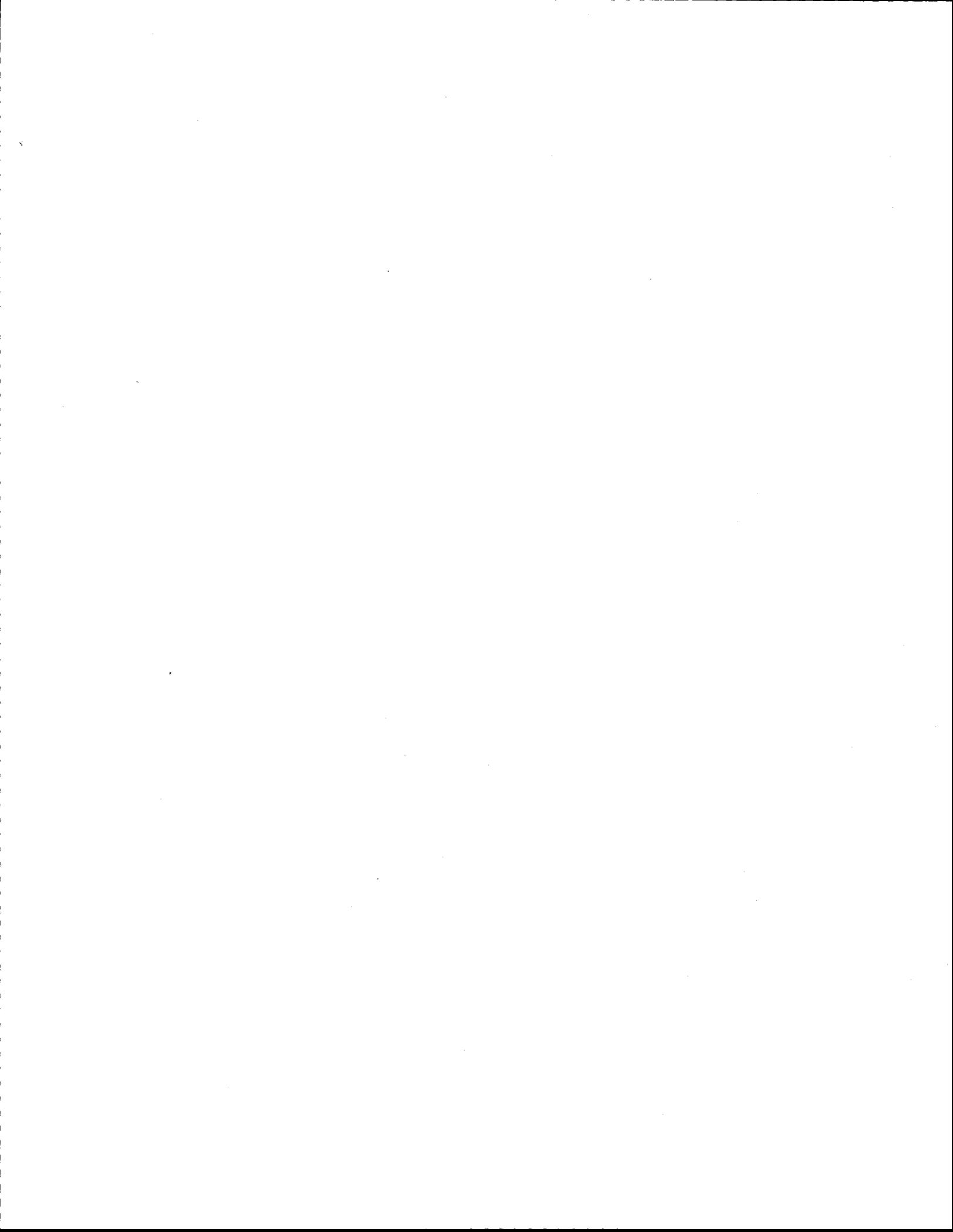
2. Project funding vs. personnel allocation.
3. Staff qualifications and training.
4. Computerization.
5. Designer competence and qualification.
6. Review coordination and scheduling; graduated reviews; reduced reviews; and certification programs.
7. Procedural flexibility.
8. Management and organization.
9. Process monitoring and oversight.

The committee then came to a consensus that the problem of incomplete project definitions needed to be addressed legislatively. The cochairs directed staff to draft legislation which would require SCO to certify that the scope, budget, and timeline contained on OC25s were realistic and that these projects were ready to be funded by the General Assembly.

April 14 1998

Representative Ives called the meeting to order. Committee counsel Ed Rossi gave an overview of the statutes affecting OC-25 funding requests and explained how the committee's proposed legislation affected those statutes. The committee then discussed, and amended, its legislative proposal and report.

Thereafter, it unanimously approved the committee report and legislation, as amended, and directed its chairmen to review the changes. The committee also reiterated its belief that further meetings were necessary and added two additional topics to the list of topics it would be addressing in future discussions. These topics are: the role of reinsurance in the state construction process; and the current university and State Ports exemptions from SCO review.



FINDINGS AND RECOMMENDATIONS

The state construction process is complex. The completion of state building projects requires input or approval from various governmental bodies and entities, user groups, and construction and design professionals. This multiplicity of involvement and complexity introduces many opportunities for delay.

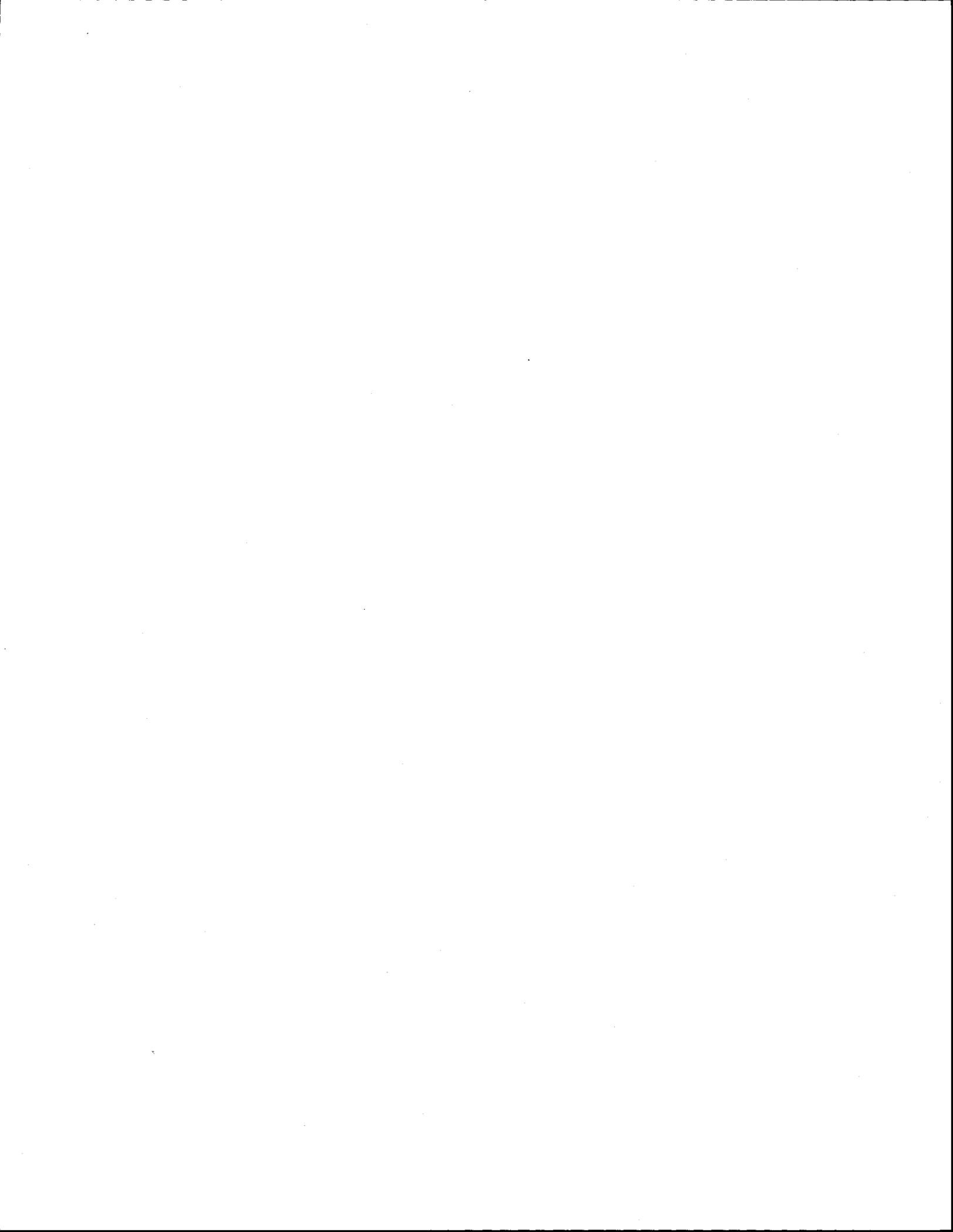
Based upon the user information received to date, it seems clear that the most groups see the present process as both necessary and beneficial. While there are obvious problems that frustrate the client groups, designers and review agencies themselves, there seems to be a general consensus that the process is not totally dysfunctional, and that it could be "adjusted" to better meet the needs of the state government, private industry and the public. It has been suggested that a majority of these procedural adjustments are administrative in nature, rather than statutory. It has also been suggested that the review agencies, industry representatives and state "client" groups would be willing to work together in a positive manner to suggest changes that would make the process more efficient and cost effective.

Due to the complex nature of this process, more time is needed to continued study. During the upcoming months the committee will continue to study and address the issues it has identified as meriting further attention. These issues include: (i) project funding and staffing allocations; (ii) staff qualifications and training; (iii) computerization; (iv) designer competence and qualifications; (v) coordination of reviews, graduated reviews, and certification programs; (vi) procedural flexibility; (vii) management and organization; (viii) process monitoring and oversight; (ix) the role of reinsurance in the state construction process; and (x) the current university and State Ports exemptions from the process.

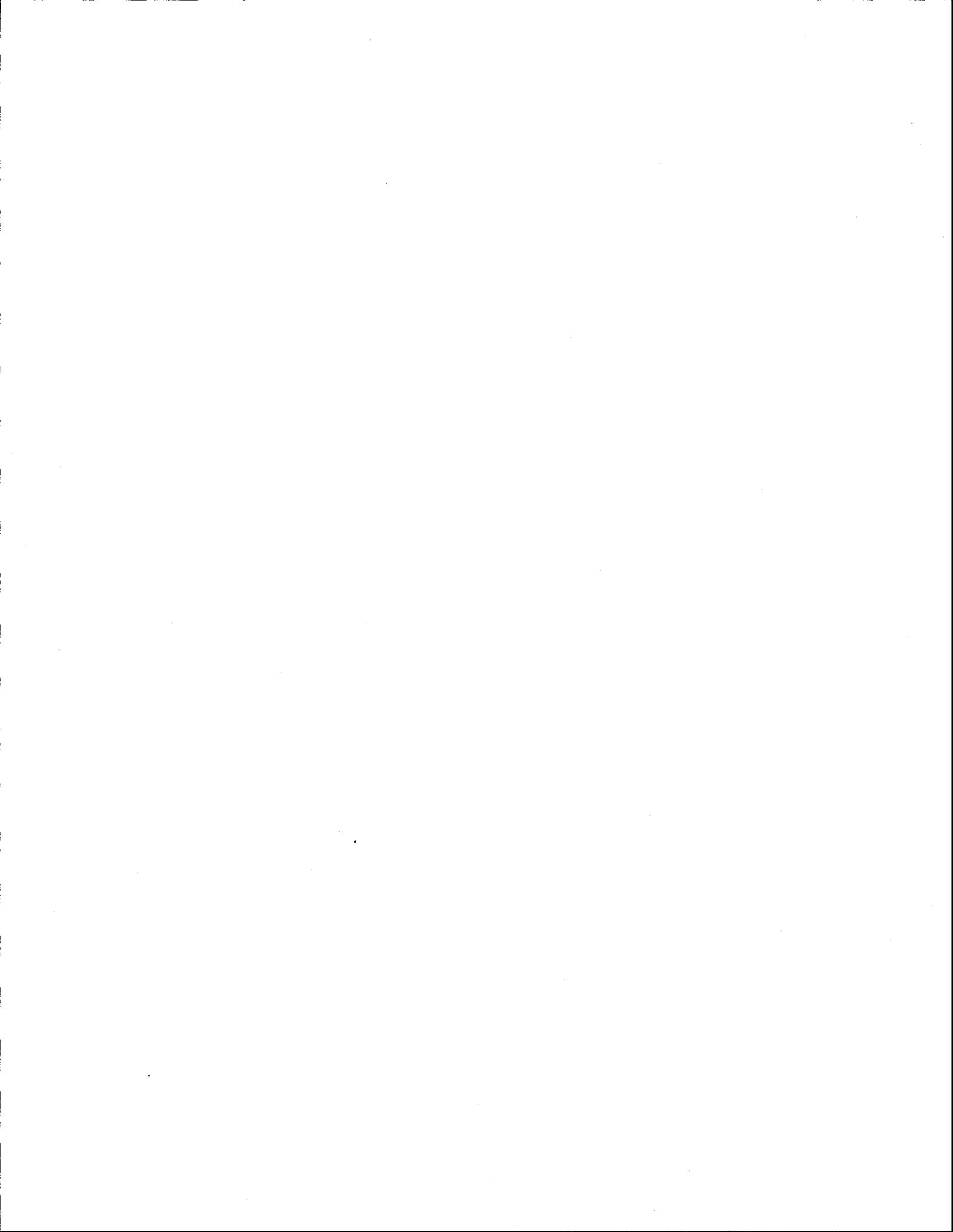
One issue that has been identified repeatedly as contributing to delay is the lack of project information that is available at the time that funding requests are made. The testimony before the committee established that many delays were caused by initial failures to adequately describe the scope, budget and implementation schedule of proposed projects. Sometimes, this lack of information was found in projects that suffered from serious problems, such as asbestos abatement or unresolved wetlands issues. Other times, it was found in projects that had not undergone site selection, or had failed to account for the increased costs that resulted from the nature of the site selected

If funded, such projects frequently encountered delays. The failure to provide sufficient information, led to appropriations which were incapable of completing the project as originally envisioned. Owner agencies, designers, and the State Construction Office were then forced to devote time and energy to try to reconcile initial owner expectations with the funding realities.

This issue can be addressed immediately through the proposed legislation. The committee concurs with SCO in the belief that a well-developed project at the initial stage will shorten the time it takes to complete State building projects and introduce greater accountability and predictability into the process. Accordingly, the committee recommends the enactment of the proposed legislation.



This legislation will require the Department of Administration to certify the broad feasibility of state building projects and will make this certification a prerequisite to funding. This certification will assure that proposed projects are sufficiently defined in overall scope, detailed budgeting, and comprehensive project scheduling as to make them feasible given the requested appropriations.



APPENDIX A

CHAPTER 483 1997 Session Laws

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO CONTINUE A COUNCIL, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, AND TO IMPOSE A MORATORIUM ON SERVICE CORPORATION CONVERSIONS.

The General Assembly of North Carolina enacts:

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1997".

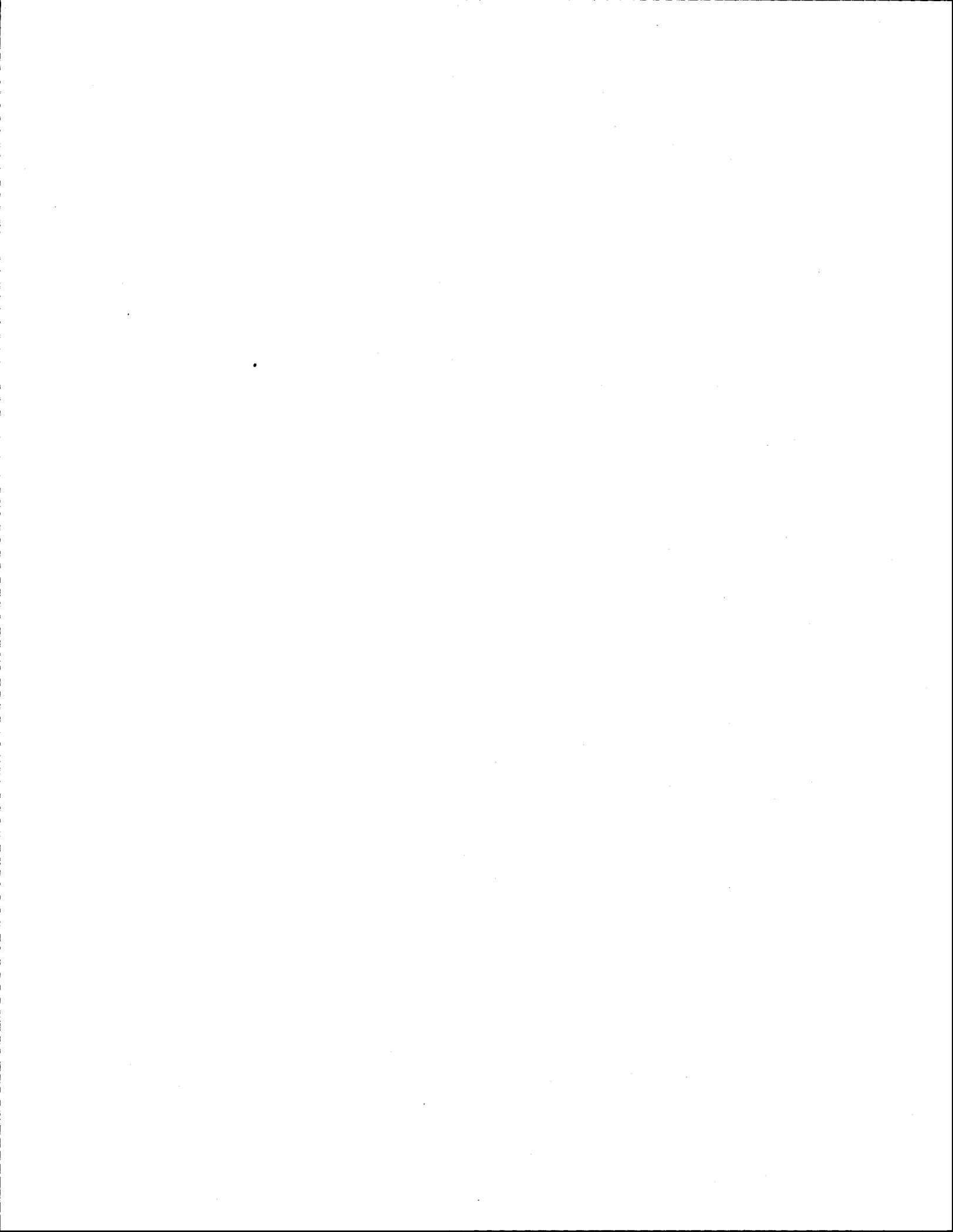
PART II.-----LEGISLATIVE RESEARCH COMMISSION

Section 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. Unless otherwise specified, the listed bill or resolution refers to the measure introduced in the 1997 Regular Session of the 1997 General Assembly. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study..... Building code issues.....State construction (Ives)...

Section 2.11. Committee Membership. For each Legislative Research Commission committee created during the 1997-98 biennium, the cochairs of the Legislative Research Commission shall appoint the committee membership.

Section 2.12. Reporting Date. For each of the topics the Legislative Research Commission decides to study under this Part or pursuant to G.S. 120- 30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1997 General Assembly, 1998 Regular Session, or the 1999 General Assembly.

Section 2.13. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.....



s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 11:00 a.m. this 10th day of September, 1997

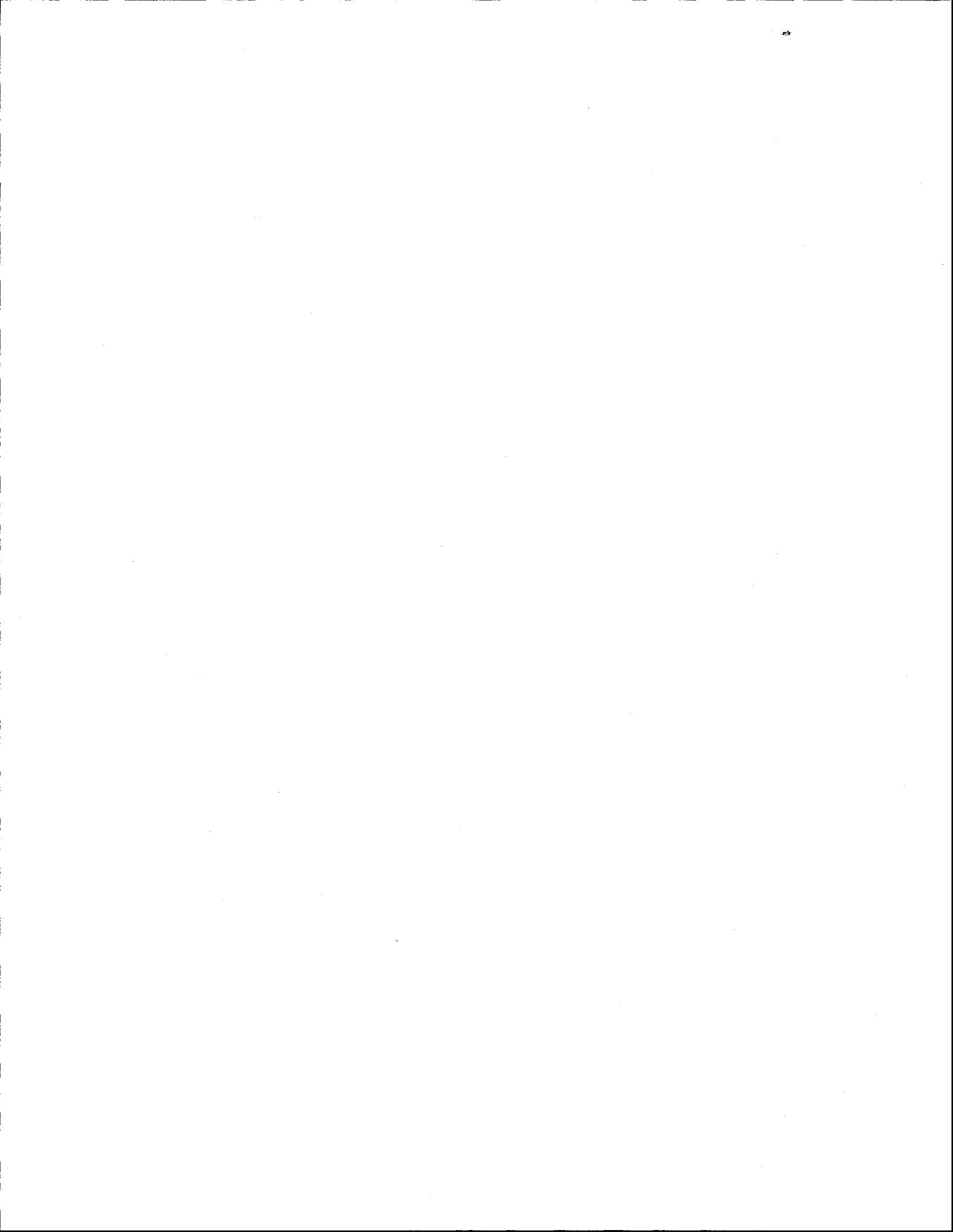


EXHIBIT A

LEGISLATIVE RESEARCH COMMISSION
STATE CONSTRUCTION STUDY COMMITTEE

Pro Tem's Appointments

Mr. James H. Boniface, Cochair
8001 Arrowridge Boulevard
Charlotte, NC 28273-5665

Sen. David W. Hoyle
PO Box 2494
Gastonia, NC 28053
(704) 867-0822

Mr. Cleve Paul
President, D.S. Simmons, Inc.
PO Box 287
Goldsboro, NC 27533-0287

Sen. Aaron W. Plyler
2170 Concord Avenue
Monroe, NC 28110
(704) 283-1293

Mr. Willy Stewart
PO Box 12054
Research Triangle Park, NC 27709

Staff:

Linwood Jones
Barbara Riley
Ed Rossi
Research Division
(919) 733-2578

Speaker's Appointments

Rep. William M. Ives, Cochair
PO Box 829
Brevard, NC 28712
(704) 884-4458

Mr. Roy Johnson
Odell Associates
129 West Trade Street
Charlotte, NC 28202
(704) 377-5941

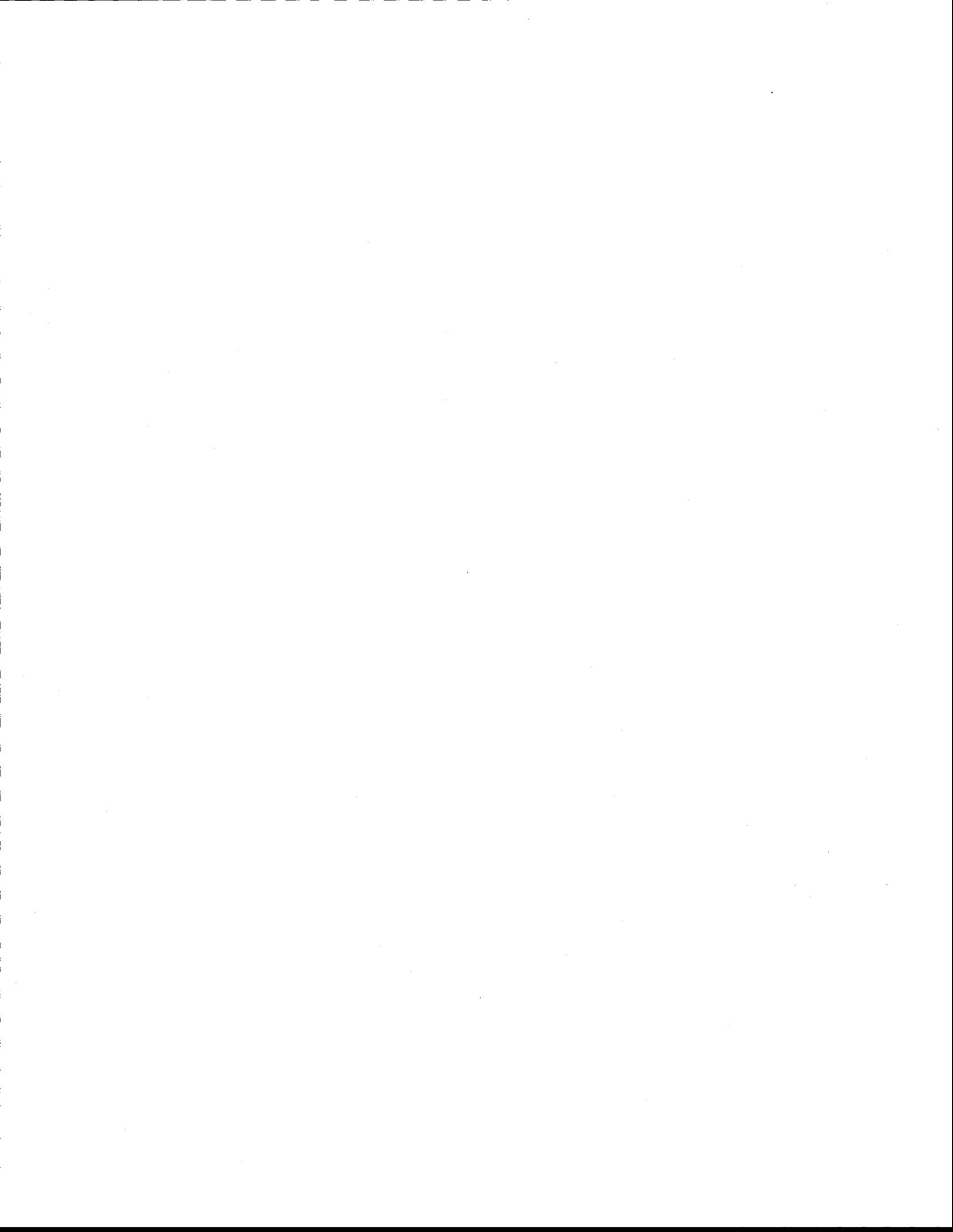
Rep. W. Edwin McMahan
5815 Westpark Drive
Charlotte, NC 28217
(704) 561-3402

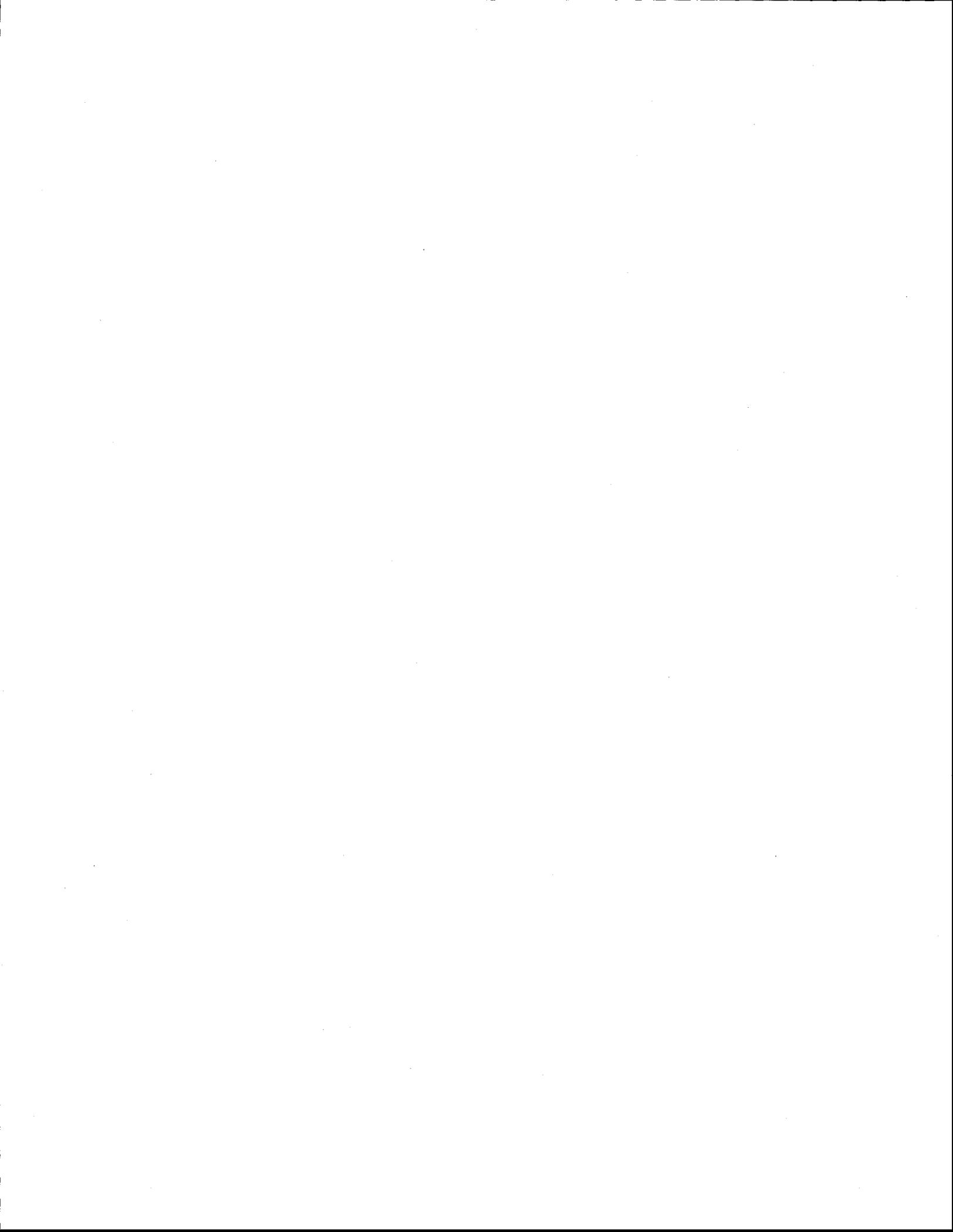
Mr. Eugene Presley
PO Box 2399
Asheville, NC 28802
(704) 254-9971

Mr. Rick Whitaker
Brown Brothers
PO Box 15668
Durham, NC 27704
(919) 220-2554

Clerk:

Jayne Walton
(919) 733-5784





143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

(1) Repealed by Session Laws 1979, 2nd Session, c. 1137, s. 38.

(2) Purchase and Contract:

a. To exercise those powers and perform those duties which were, at the time of the ratification of this Article, conferred by statute upon the former Division of Purchase and Contract.

(3) (Effective until July 1, 2001) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of:

1. All State buildings; and

2. All community college buildings requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129

prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

b. To prepare preliminary studies and cost estimates and otherwise to assist all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings.

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

Except for sub-subdivision b., this subdivision does not apply to the design, construction, or renovation or projects by The University of North Carolina pursuant to G.S. 116-31.11.

(3) (Effective July 1, 2001) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of:

1. All State buildings; and

2. All community college buildings requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129

prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

b. To prepare preliminary studies and cost estimates and otherwise to assist all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings.

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

(4) Real Property Control:

a. To prepare and keep current a complete and accurate inventory of all land owned or leased by the State or by any State agency. This inventory shall show the location, acreage, description, source of title and current use of all land (including swamplands or marshlands) owned by the State or by any State agency, and the agency to which each tract is currently allocated. Surveys may be made where necessary to obtain information for the purposes of this inventory. Accurate plats or maps of all such land may be prepared, or copies obtained where such maps or plats are available.

b. To prepare and keep current a complete and accurate inventory of all buildings owned or leased (in whole or in part) by the State or by any State agency. This inventory shall show the location, amount of floor space and floor plans of every building owned or leased by the State or by any State agency, and the agency to which each building, or space therein, is currently allocated. Floor plans of every such building shall be prepared or copies obtained where such floor plans are available, where needed for use in the allocation of space therein.

c. To obtain and deposit with the Secretary of State the originals of all deeds and other conveyances of real property to the State or to any State agency, copies of all leases wherein the State or any State agency is lessor or lessee, and certified copies of wills, judgments, and other instruments whereby the State or any State agency has acquired title to real property. Where an original of a deed, lease, or other instrument cannot be found, but has been recorded in the registry of office of the clerk of superior court of any county, a certified copy of such deed, conveyance, or instrument shall be obtained and deposited with the Secretary of State.

d. To acquire, whether by purchase, exercise of the power of eminent domain, lease, or rental, all land, buildings, and space in buildings for all State agencies, subject to the approval of the Governor and Council of State in each instance. The Governor, acting with the approval of the Council of State, may adopt rules (i) exempting from any or all of the requirements of this paragraph such classes of lease, rental, easement, and right-of-way transactions as he deems advisable; and (ii) authorizing any State agency to enter into and/or approve the classes of transactions thus exempted from the requirements of this paragraph; and (iii) delegating to any other State agency the authority to approve the severance of buildings and standing timber from State lands; upon such approval of severance, the buildings and timber so affected shall be treated, for the purposes of this Chapter, as personal property. Any contract entered into or any proceeding instituted contrary to the provisions of this paragraph is voidable in the discretion of the Governor and Council of State.

b. To prepare preliminary studies and cost estimates and otherwise to assist all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings.

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

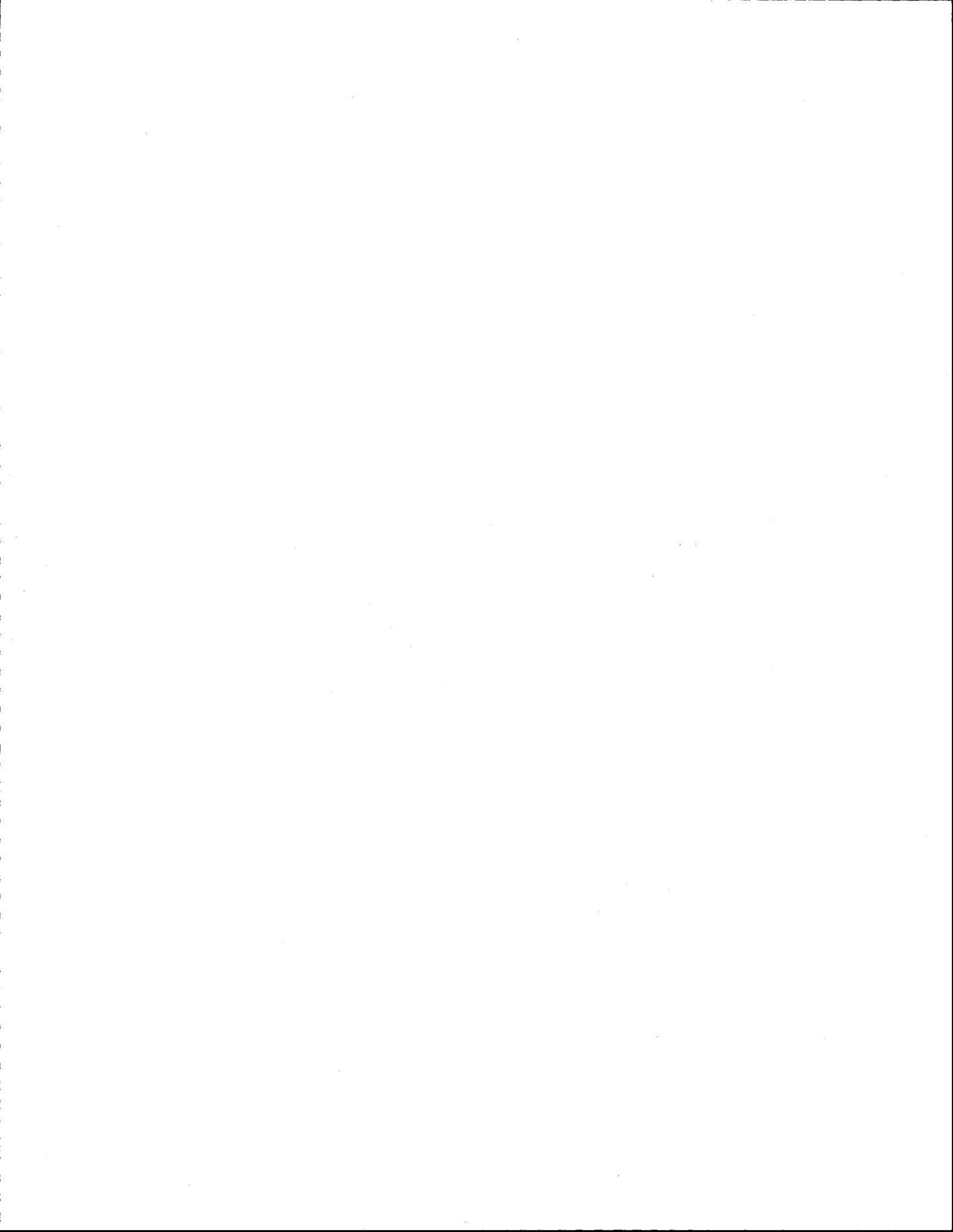
(4) Real Property Control:

a. To prepare and keep current a complete and accurate inventory of all land owned or leased by the State or by any State agency. This inventory shall show the location, acreage, description, source of title and current use of all land (including swamplands or marshlands) owned by the State or by any State agency, and the agency to which each tract is currently allocated. Surveys may be made where necessary to obtain information for the purposes of this inventory. Accurate plats or maps of all such land may be prepared, or copies obtained where such maps or plats are available.

b. To prepare and keep current a complete and accurate inventory of all buildings owned or leased (in whole or in part) by the State or by any State agency. This inventory shall show the location, amount of floor space and floor plans of every building owned or leased by the State or by any State agency, and the agency to which each building, or space therein, is currently allocated. Floor plans of every such building shall be prepared or copies obtained where such floor plans are available, where needed for use in the allocation of space therein.

c. To obtain and deposit with the Secretary of State the originals of all deeds and other conveyances of real property to the State or to any State agency, copies of all leases wherein the State or any State agency is lessor or lessee, and certified copies of wills, judgments, and other instruments whereby the State or any State agency has acquired title to real property. Where an original of a deed, lease, or other instrument cannot be found, but has been recorded in the registry of office of the clerk of superior court of any county, a certified copy of such deed, conveyance, or instrument shall be obtained and deposited with the Secretary of State.

d. To acquire, whether by purchase, exercise of the power of eminent domain, lease, or rental, all land, buildings, and space in buildings for all State agencies, subject to the approval of the Governor and Council of State in each instance. The Governor, acting with the approval of the Council of State, may adopt rules (i) exempting from any or all of the requirements of this paragraph such classes of lease, rental, easement, and right-of-way transactions as he deems advisable; and (ii) authorizing any State agency to enter into and/or approve the classes of transactions thus exempted from the requirements of this paragraph; and (iii) delegating to any other State agency the authority to approve the severance of buildings and standing timber from State lands; upon such approval of severance, the buildings and timber so affected shall be treated, for the purposes of this Chapter, as personal property. Any contract entered into or any proceeding instituted contrary to the provisions of this paragraph is voidable in the discretion of the Governor and Council of State.



d1. To require all State departments, institutions, and agencies to use State-owned office space instead of negotiating or renegotiating leases for rental of office space. Any lease entered into contrary to the provisions of this paragraph is voidable in the discretion of the Governor and the Council of State.

The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division no later than May 1 of each year on leased office space.

e. To make all sales of real property (including marshlands or swamplands) owned by the State or by any State agency, with the approval of the Governor and Council of State in each instance. All conveyances in fee by the State shall be executed in accordance with the provisions of G.S. 146-74 through 146-78. Any conveyance of land made or contract to convey land entered into without the approval of the Governor and Council of State is voidable in the discretion of the Governor and Council of State. The proceeds of all sales of swamplands or marshlands shall be dealt with in the manner required by the Constitution and statutes.

f. With the approval of the Governor and Council of State, to make all leases and rentals of land or buildings owned by the State or by any State agency, and to sublease land or buildings leased by the State or by any State agency from another owner, where such land or building owned or leased by the State or by any State agency is not needed for current use. The Governor, acting with the approval of the Council of State, may adopt rules (i) exempting from any or all of the requirements of this paragraph such classes of lease or rental transactions as he deems advisable; and (ii) authorizing any State agency to enter into and/or approve the classes of transactions thus exempted from the requirements of this paragraph; and (iii) delegating to any other State agency the authority to approve the severance of buildings and standing timber from State lands; upon such approval of severance, the buildings and timber so affected shall be treated, for the purposes of this Chapter, as personal property. Any lease or rental agreement entered into contrary to the provisions of this paragraph is voidable in the discretion of the Governor and Council of State.

g. To allocate and reallocate land, buildings, and space in buildings to the several State agencies, in accordance with rules adopted by the Governor with the approval of the Council of State; provided that if the proposed reallocation is of land with an appraised value of at least twenty-five thousand dollars (\$25,000), the reallocation may only be made after consultation with the Joint Legislative Commission on Governmental Operations. The authority granted in this paragraph shall not apply to the State Legislative Building and grounds or to the Legislative Office Building and grounds.

h. To require any State agency to make reports regarding the land and buildings owned by it or allocated to it at such times and in such form as the Department may deem necessary.

i. To determine whether all deeds, judgments, and other instruments whereby title to real estate has been or may be acquired by the State or by any State agency have been properly recorded in the county wherein the real property is situated, and to make or cause to be made proper recordation of such instruments. The Department may have previously recorded instruments which conveyed title to or from the State or any State agency or officer reindexed, where necessary, to show the State of North Carolina or grantor or grantee, as the case may be, and the cost of such reindexing shall be paid from the State Land Fund.

j. To call upon the Attorney General for advice and assistance in the performance of any of

the foregoing duties.

k. None of the provisions of this subdivision apply to highway or railroad rights-of-way or other interests or estates in land held for the same or similar purposes, or to the acquisition or disposition of such rights-of-way, interests, or estates in land.

l. To manage and control the vacant and unappropriated lands, swamplands, lands acquired by the State by virtue of being sold for taxes, and submerged lands of the State, pursuant to Chapter 146 of the General Statutes.

m. To contract for or approve all contracts for all appraisals and surveys of real property for all State agencies; provided, however, this provision shall not apply to appraisals and surveys obtained in connection with the acquisition of highway rights-of-way, borrow pits, or other interests or estates in land acquired for the same or similar purposes, or to the disposition thereof, by the Board of Transportation.

n. To petition for the annexation of state-owned lands into any municipality.

(5) Administrative Analysis:

a. To study the organization, methods, and procedures of all State agencies, to formulate plans for improvements in the organization, methods, and procedures of any agency studied, and to advise and assist any agency studied in effecting improvements in its organization, methods, and procedures.

b. To report to the Governor its findings and recommendations concerning improvements in the organization, methods, and procedures of any State agency, when such improvements cannot be effected by the cooperative efforts of the Department and the agency concerned.

c. To submit to the Governor for transmittal to the General Assembly recommended legislation where such legislation is necessary to effect improvements in the organization, methods, and procedures of any State agency.

(6) State and Regional Planning:

a. To assist the Director of the Budget in reviewing the capital improvements needs and requests of all State agencies, and in preparing a coordinated biennial capital improvements budget and longer range capital improvements programs.

b. In cooperation with State agencies and other public and private agencies, to collect, analyze, and keep up-to-date a comprehensive collection of economic and social data pertinent to State planning, which shall be available to State and local governmental agencies and private agencies.

c. To coordinate and review all planning activity relative to federal government requirements for general statewide or regional comprehensive program planning.

d. To make economic analyses, studies, and projections and to advise the Governor on courses of action desirable for the maintenance of a sound economy.

e. To encourage and assist in the development of the planning process within State and local governmental agencies.

f. To assist State agencies by providing them with basic information and technical assistance

the foregoing duties.

k. None of the provisions of this subdivision apply to highway or railroad rights-of-way or other interests or estates in land held for the same or similar purposes, or to the acquisition or disposition of such rights-of-way, interests, or estates in land.

l. To manage and control the vacant and unappropriated lands, swamplands, lands acquired by the State by virtue of being sold for taxes, and submerged lands of the State, pursuant to Chapter 146 of the General Statutes.

m. To contract for or approve all contracts for all appraisals and surveys of real property for all State agencies; provided, however, this provision shall not apply to appraisals and surveys obtained in connection with the acquisition of highway rights-of-way, borrow pits, or other interests or estates in land acquired for the same or similar purposes, or to the disposition thereof, by the Board of Transportation.

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(5) Administrative Analysis:

a. To study the organization, methods, and procedures of all State agencies, to formulate plans for improvements in the organization, methods, and procedures of any agency studied, and to advise and assist any agency studied in effecting improvements in its organization, methods, and procedures.

b. To report to the Governor its findings and recommendations concerning improvements in the organization, methods, and procedures of any State agency, when such improvements cannot be effected by the cooperative efforts of the Department and the agency concerned.

c. To submit to the Governor for transmittal to the General Assembly recommended legislation where such legislation is necessary to effect improvements in the organization, methods, and procedures of any State agency.

(6) State and Regional Planning:

a. To assist the Director of the Budget in reviewing the capital improvements needs and requests of all State agencies, and in preparing a coordinated biennial capital improvements budget and longer range capital improvements programs.

b. In cooperation with State agencies and other public and private agencies, to collect, analyze, and keep up-to-date a comprehensive collection of economic and social data pertinent to State planning, which shall be available to State and local governmental agencies and private agencies.

c. To coordinate and review all planning activity relative to federal government requirements for general statewide or regional comprehensive program planning.

d. To make economic analyses, studies, and projections and to advise the Governor on courses of action desirable for the maintenance of a sound economy.

e. To encourage and assist in the development of the planning process within State and local governmental agencies.

f. To assist State agencies by providing them with basic information and technical assistance

needed in preparing their short-range and long-range programs.

g. To develop and maintain liaison and cooperative arrangements with federal, interstate, State, and private agencies and organizations in the interest of obtaining information and assistance with respect to State and regional planning.

h. To develop and maintain a comprehensive plan for the development of the State, representing the coordinated efforts and contributions of all participating planning groups.

i. In cooperation with the counties, the cities and towns, the federal government, multi-state commissions and private agencies and organizations, to develop a system of multi-county, regional planning districts to cover the entire State, and to assist in preparing for those districts comprehensive development plans coordinated with the comprehensive development plan for the State.

(7) Development Programs:

a. To participate in development programs, to enter into contracts, formulate plans and to do all things necessary to implement development programs in any area of the State.

b. To accept, receive and disburse, in furtherance of its functions, any funds, grants and services made available by the federal government and its agencies, any county, municipality, private or civic sources.

(8) General Services:

a. To locate, maintain and care for public buildings and grounds; to establish, locate, maintain, and care for walks, driveways, trees, shrubs, flowers, fountains, monuments, memorials, markers, and tablets on public grounds; and to beautify the public grounds.

b. To provide necessary and adequate cleaning and janitorial service, elevator operation service, and other operation or maintenance services for the public buildings and grounds.

c. To provide necessary night watchmen for the public buildings and grounds.

d. To make prompt repair of all public buildings and the equipment, furniture, and fixtures thereof; and to establish and operate shops for that purpose.

e. To keep in repair, out of funds appropriated for that purpose, the furniture of the halls of the Senate and House of Representatives and the rooms of the Capitol used by the officers, clerks, and other employees of the General Assembly.

f. Struck out by Session Laws 1959, c. 68, s. 3.

g. To establish and operate a central mailing system for all State agencies, and in connection therewith and in the discretion of the Secretary, to make application for and procure a post-office substation for that purpose, and to do all things necessary in connection with the maintenance of the central mailing system. The Secretary may allocate and charge against the respective departments and agencies their proportionate parts of the cost of the maintenance of the central mailing system.

h. To provide necessary and adequate messenger service for the State agencies served by the Department. However, this may not be construed as preventing the employment and control of messengers by any State agency when those messengers are compensated out of the funds of the

employing agency.

i. To establish and operate a central motor pool and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

1. To establish and operate central facilities for the maintenance, repair, and storage of state-owned passenger motor vehicles for the use of State agencies; to utilize any available State facilities for that purpose; and to establish such subsidiary facilities as the Secretary may deem necessary.

2. To acquire passenger motor vehicles by transfer from other State agencies and by purchase. All motor vehicles transferred to or purchased by the Department shall become part of a central motor pool.

3. To require on a schedule determined by the Department all State agencies to transfer ownership, custody or control of any or all passenger motor vehicles within the ownership, custody or control of that agency to the Department, except those motor vehicles under the ownership, custody or control of the Highway Patrol or the State Bureau of Investigation which are used primarily for law-enforcement purposes, and except those motor vehicles under the ownership, custody or control of the Department of Crime Control and Public Safety for Butner Public Safety which are used primarily for law-enforcement, fire, or emergency purposes.

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department. The Department shall ensure that state-owned vehicles are not normally replaced until they have been driven for 90,000 miles or more.

5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid drivers' licenses, to assign suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid driver's license. Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, "suitable transportation" means the standard vehicle in the State motor fleet, unless special towing provisions are required by the employee or agency. The Department may not assign any employee or agency a motor vehicle that is not suitable. The Department shall not approve requests for vehicle assignment or reassignment when the purpose of that assignment or reassignment is to provide any employee with a newer or lower mileage vehicle because of his or her rank, management authority, or length of service or because of any non-job-related reason. The Department shall not assign "special use" vehicles, such as four-wheel drive vehicles or law enforcement vehicles, to any agency or individual except upon written justification, verified by historical data, and accepted by the Secretary.

6. To allocate and charge against each State agency to which transportation is furnished, on a basis of mileage or of rental, its proportionate part of the cost of maintenance and operation of the motor pool.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall be at least as follows:

employing agency.

i. To establish and operate a central motor pool and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

1. To establish and operate central facilities for the maintenance, repair, and storage of state-owned passenger motor vehicles for the use of State agencies; to utilize any available State facilities for that purpose; and to establish such subsidiary facilities as the Secretary may deem necessary.

2. To acquire passenger motor vehicles by transfer from other State agencies and by purchase. All motor vehicles transferred to or purchased by the Department shall become part of a central motor pool.

3. To require on a schedule determined by the Department all State agencies to transfer ownership, custody or control of any or all passenger motor vehicles within the ownership, custody or control of that agency to the Department, except those motor vehicles under the ownership, custody or control of the Highway Patrol or the State Bureau of Investigation which are used primarily for law-enforcement purposes, and except those motor vehicles under the ownership, custody or control of the Department of Crime Control and Public Safety for Butner Public Safety which are used primarily for law-enforcement, fire, or emergency purposes.

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department. The Department shall ensure that state-owned vehicles are not normally replaced until they have been driven for 90,000 miles or more.

5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid drivers' licenses, to assign suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid driver's license. Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, "suitable transportation" means the standard vehicle in the State motor fleet, unless special towing provisions are required by the employee or agency. The Department may not assign any employee or agency a motor vehicle that is not suitable. The Department shall not approve requests for vehicle assignment or reassignment when the purpose of that assignment or reassignment is to provide any employee with a newer or lower mileage vehicle because of his or her rank, management authority, or length of service or because of any non-job-related reason. The Department shall not assign "special use" vehicles, such as four-wheel drive vehicles or law enforcement vehicles, to any agency or individual except upon written justification, verified by historical data, and accepted by the Secretary.

6. To allocate and charge against each State agency to which transportation is furnished, on a basis of mileage or of rental, its proportionate part of the cost of maintenance and operation of the motor pool.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall be at least as follows:



- I. Pursuit vehicles and full size four-wheel drive vehicles \$.24/mile.
- II. Vans and compact four-wheel drive vehicles - \$.22/mile.
- III. All other vehicles - \$.20/mile.

7. To adopt, with the approval of the Governor, reasonable rules for the efficient and economical operation, maintenance, repair, and replacement, as limited in paragraph 4. of this subdivision, of all state-owned motor vehicles under the control of the Department, and to enforce those rules; and to adopt, with the approval of the Governor, reasonable rules regulating the use of private motor vehicles upon State business by the officers and employees of State agencies, and to enforce those rules. The Department, with the approval of the Governor, may delegate to the respective heads of the agencies to which motor vehicles are permanently assigned by the Department the duty of enforcing the rules adopted by the Department pursuant to this paragraph. Any person who violates a rule adopted by the Department and approved by the Governor is guilty of a Class 1 misdemeanor.

7a. To adopt with the approval of the Governor and to enforce rules and to coordinate State policy regarding (i) the permanent assignment of state-owned passenger motor vehicles and (ii) the use of and reimbursement for those vehicles for the limited commuting permitted by this subdivision. For the purpose of this subdivision 7a, "state-owned passenger motor vehicle" includes any state-owned passenger motor vehicle, whether or not owned, maintained or controlled by the Department of Administration, and regardless of the source of the funds used to purchase it. Notwithstanding the provisions of G.S. 20-190 or any other provisions of law, all state-owned passenger motor vehicles are subject to the provisions of this subdivision 7a; no permanent assignment shall be made and no one shall be exempt from payment of reimbursement for commuting or from the other provisions of this subdivision 7a except as provided by this subdivision 7a. Commuting, as defined and regulated by this subdivision, is limited to those specific cases in which the Secretary has received and accepted written justification, verified by historical data. The Department shall not assign any state-owned motor vehicle that may be used for commuting other than those authorized by the procedure prescribed in this subdivision.

A State-owned passenger motor vehicle shall not be permanently assigned to an individual who is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless (i) the individual's duties are routinely related to public safety or (ii) the individual's duties are likely to expose the individual routinely to life-threatening situations. A State-owned passenger motor vehicle shall also not be permanently assigned to an agency that is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless the agency can justify to the Division of Motor Fleet Management the need for permanent assignment because of the unique use of the vehicle. Each agency, other than the Department of Transportation, that has a vehicle assigned to it or has an employee to whom a vehicle is assigned shall submit a quarterly report to the Division of Motor Fleet Management on the miles driven during the quarter by the assigned vehicle. The Division of Motor Fleet Management shall review the report to verify that each motor vehicle has been driven at the minimum allowable rate. If it has not and if the department by whom the individual to which the car is assigned is employed or the agency to which the car is assigned cannot justify the lower mileage for the quarter, the permanent assignment shall be revoked immediately. The Department of Transportation shall submit an annual report to the Division of Motor Fleet Management on the miles driven during the year by vehicles assigned to the Department or to employees of the Department. If a vehicle included in this report has not

been driven at least 12,600 miles during the year, the Department of Transportation shall review the reasons for the lower mileage and decide whether to terminate the assignment. The Division of Motor Fleet Management may not revoke the assignment of a vehicle to the Department of Transportation or an employee of that Department for failure to meet the minimum mileage requirement unless the Department of Transportation consents to the revocation.

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall approximate the benefit derived from the use of the vehicle as prescribed by federal law. Reimbursement shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this paragraph, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this paragraph does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn law-enforcement officers whose primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Services regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

The Department of Administration shall revoke the assignment or require the Department owning the vehicle to revoke the assignment of a State-owned passenger motor vehicle, pickup truck or van to any individual who:

I. Uses the vehicle for other than official business except in accordance with the commuting rules;

II. Fails to supply required reports to the Department of Administration, or supplies incomplete reports, or supplies reports in a form unacceptable to the Department of Administration and does not cure the deficiency within 30 days of receiving a request to do so;

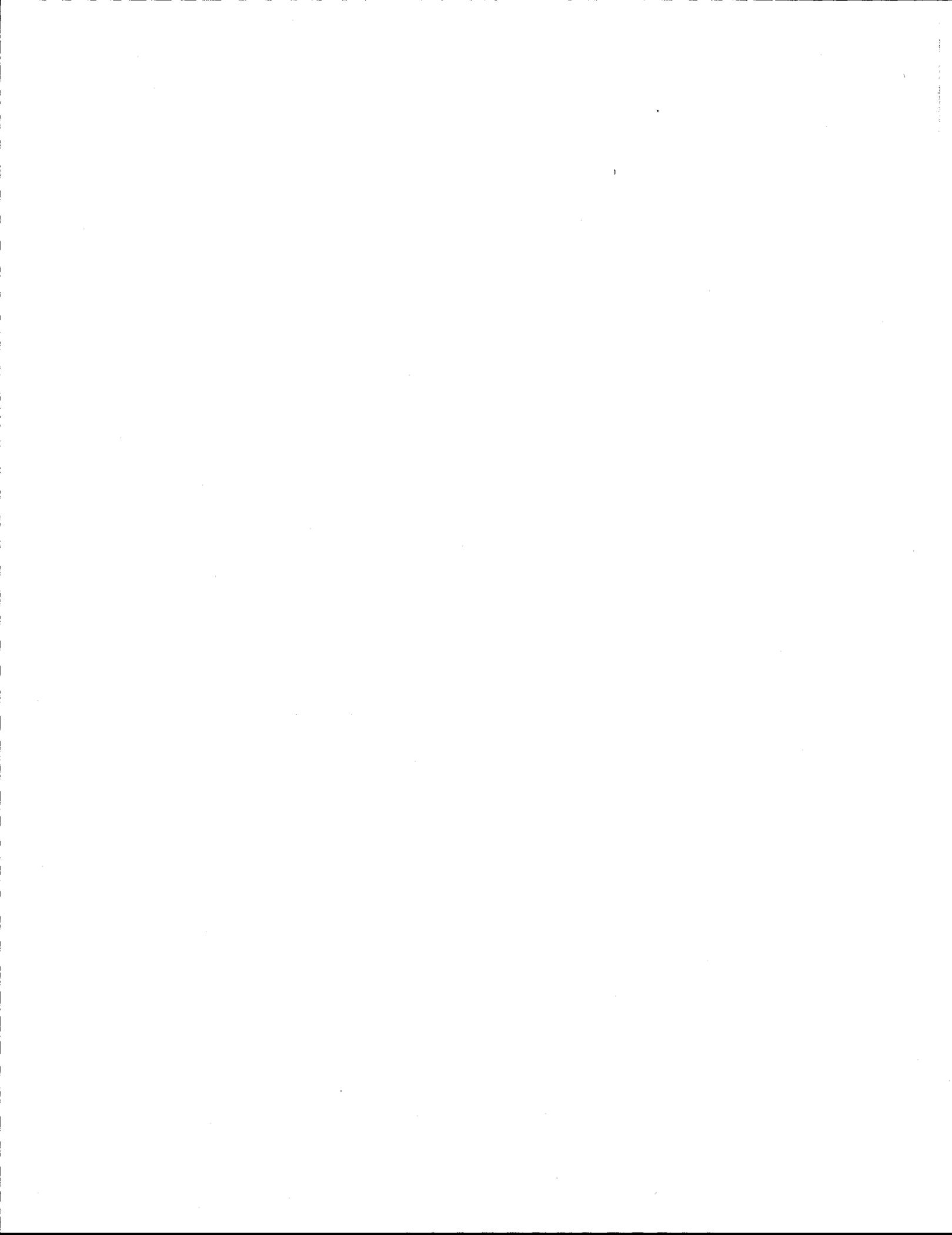
III. Knowingly and willfully supplies false information to the Department of Administration on applications for permanent assignments, commuting reimbursement forms, or other required reports or forms;

been driven at least 12,600 miles during the year, the Department of Transportation shall review the reasons for the lower mileage and decide whether to terminate the assignment. The Division of Motor Fleet Management may not revoke the assignment of a vehicle to the Department of Transportation or an employee of that Department for failure to meet the minimum mileage requirement unless the Department of Transportation consents to the revocation.

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall approximate the benefit derived from the use of the vehicle as prescribed by federal law. Reimbursement shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this paragraph, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this paragraph does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn law-enforcement officers whose primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Services regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

The Department of Administration shall revoke the assignment or require the Department owning the vehicle to revoke the assignment of a State-owned passenger motor vehicle, pickup truck or van to any individual who:

- I. Uses the vehicle for other than official business except in accordance with the commuting rules;
- II. Fails to supply required reports to the Department of Administration, or supplies incomplete reports, or supplies reports in a form unacceptable to the Department of Administration and does not cure the deficiency within 30 days of receiving a request to do so;
- III. Knowingly and willfully supplies false information to the Department of Administration on applications for permanent assignments, commuting reimbursement forms, or other required reports or forms;



IV. Does not personally sign all reports on forms submitted for vehicles permanently assigned to him or her and does not cure the deficiency within 30 days of receiving a request to do so;

V. Abuses the vehicle; or

VI. Violates other rules or policy promulgated by the Department of Administration not in conflict with this act.

A new requisition shall not be honored until the Secretary of the Department of Administration is assured that the violation for which a vehicle was previously revoked will not recur.

The Department of Administration, with the approval of the Governor, may delegate, or conditionally delegate, to the respective heads of agencies which own passenger motor vehicles or to which passenger motor vehicles are permanently assigned by the Department, the duty of enforcing all or part of the rules adopted by the Department of Administration pursuant to this subdivision 7a. The Department of Administration, with the approval of the Governor, may revoke this delegation of authority.

Prior to adopting rules under this paragraph, the Secretary of Administration may consult with the Advisory Budget Commission.

Notwithstanding the provisions of this section and G.S. 14-247, the Department of Administration may allow the organization sanctioned by the Governor's Council on Physical Fitness to conduct the North Carolina State Games to use State trucks and vans for the State Games of North Carolina. The Department of Administration shall not charge any fees for the use of the vehicles for the State Games. The State shall incur no liability for any damages resulting from the use of vehicles under this provision. The organization that conducts the State Games shall carry liability insurance of not less than one million dollars (\$1,000,000) covering such vehicles while in its use and shall be responsible for the full cost of repairs to these vehicles if they are damaged while used for the State Games.

8. To adopt and administer rules for the control of all state-owned passenger motor vehicles and to require State agencies to keep all records and make all reports regarding motor vehicle use as the Secretary deems necessary.

9. To acquire motor vehicle liability insurance on all State-owned motor vehicles under the control of the Department.

10. To contract with the appropriate State prison authorities for the furnishing, upon such conditions as may be agreed upon from time to time between such State prison authorities and the Secretary, of prison labor for use in connection with the operation of a central motor pool and related activities.

11. To report annually to the General Assembly on any rules adopted, amended or repealed under paragraphs 3, 7, or 7a of this subdivision.

j. To establish and operate central mimeographing and duplicating services, central stenographical and clerical pools, and other central services, if the Governor after appropriate investigation deems it advisable from the standpoint of efficiency and economy in operation to establish any or all such services. The Secretary may allocate and charge against the respective

agencies their proportionate part of the cost of maintenance and operation of the central services which are established, in accordance with the rules adopted by him and approved by the Governor and Council of State pursuant to paragraph k, below. Upon the establishment of central mimeographing and duplicating services, the Secretary may, with the approval of the Governor, require any State agency to be served by those central services to transfer to the Department ownership, custody, and control of any or all mimeographing and duplicating equipment and supplies within the ownership, custody, or control of such agency.

k. To require the State agencies and their officers and employees to utilize the central facilities and services which are established; and to adopt, with the approval of the Governor and Council of State, reasonable rules and procedures requiring the utilization of such central facilities and services, and governing their operation and the charges to be made for their services.

l. To provide necessary information service for visitors to the Capitol.

m. To perform such additional duties and exercise such additional powers as may be assigned to it by statute or by the Governor.

(9) Repealed by Session Laws 1989, c. 239, s. 2, effective June 6, 1989.

(10) Block Grants. - To establish and maintain a block grants manual that will ensure uniform administration of block grant funds. The manual shall be a comprehensive source of reference for all general and statewide administrative procedures for block grant funds. The manual shall contain the applicable procedures for: the contents of an application, which shall be as simple as possible; the awarding of or contracting with block grant funds; auditing, which shall, to the extent possible, promote the use of single audits of grantees; the ensuring of civil rights compliance by grantees; and monitoring.

(1957, c. 215, s. 2; c. 269, s. 1; 1959, c. 683, ss. 2-4; c. 1326; 1963, c. 1, s. 5; 1965, c. 1023; 1969, c. 1144, s. 2; 1971, c. 1097, s. 3; 1975, c. 399, ss. 1, 2; c. 879, s. 46; 1979, c. 136, s. 1; c. 544; 1979, 2nd Sess., c. 1137, s. 38; 1981, c. 300; c. 859, ss. 48-51; 1981 (Reg. Sess., 1982), c. 1282, s. 62; 1983, c. 267, s. 1; c. 717, s. 74; c. 761, ss. 58, 151, 173, 174; c. 923, s. 217; 1983 (Reg. Sess., 1984), c. 1034, s. 122; 1985, c. 479, ss. 168, 170, 174; c. 757, ss. 174, 175, 177; c. 791, s. 51; 1985 (Reg. Sess., 1986), c. 955, ss. 94, 94.1; 1987, c. 738, ss. 43-45, 47(a); c. 827, s. 220; c. 874; 1987 (Reg. Sess., 1988), c. 1086, s. 34(b); 1989, c. 58, s. 2; c. 239, s. 2; 1991, c. 542, s. 10; c. 689, s. 22; 1993, c. 539, s. 1030; 1994, Ex. Sess., c. 24, s. 14(c); 1995, c. 97, s. 1; c. 402, s. 1; 1996, 2nd Ex. Sess., c. 18, s. 10.2; 1997-412, s. 6.)

Subdivision (3) Set Out Twice. - The first version of subdivision (3) set out above expires July 1, 2001. The second version of subdivision (3) set out above is effective July 1, 2001.

Cross References. - For provision that State officers and employees who perform computerized data processing functions pursuant to subdivision (9) of this section for the Department of Revenue are authorized to receive and process for the Department information in reports and returns and are subject to certain criminal provisions, see § 105-259.

For provision that the State is not liable for North Carolina Amateur Sports use of State vehicles, see § 143-299.3.

Editor's Note. - Session Laws 1971, c. 1097, which amended this section, in s. 5.1, provided: "This act shall not apply to the Police Information Network established under Chapter 114 of the General Statutes."

Section 143B-269 establishes the Black Mountain Advancement Center for Women and provides in

agencies their proportionate part of the cost of maintenance and operation of the central services which are established, in accordance with the rules adopted by him and approved by the Governor and Council of State pursuant to paragraph k, below. Upon the establishment of central mimeographing and duplicating services, the Secretary may, with the approval of the Governor, require any State agency to be served by those central services to transfer to the Department ownership, custody, and control of any or all mimeographing and duplicating equipment and supplies within the ownership, custody, or control of such agency.

k. To require the State agencies and their officers and employees to utilize the central facilities and services which are established; and to adopt, with the approval of the Governor and Council of State, reasonable rules and procedures requiring the utilization of such central facilities and services, and governing their operation and the charges to be made for their services.

l. To provide necessary information service for visitors to the Capitol.

m. To perform such additional duties and exercise such additional powers as may be assigned to it by statute or by the Governor.

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(1957, c. 215, s. 2; c. 269, s. 1; 1959, c. 683, ss. 2-4; c. 1326; 1963, c. 1, s. 5; 1965, c. 1023; 1969, c. 1144, s. 2; 1971, c. 1097, s. 3; 1975, c. 399, ss. 1, 2; c. 879, s. 46; 1979, c. 136, s. 1; c. 544; 1979, 2nd Sess., c. 1137, s. 38; 1981, c. 300; c. 859, ss. 48-51; 1981 (Reg. Sess., 1982), c. 1282, s. 62; 1983, c. 267, s. 1; c. 717, s. 74; c. 761, ss. 58, 151, 173, 174; c. 923, s. 217; 1983 (Reg. Sess., 1984), c. 1034, s. 122; 1985, c. 479, ss. 168, 170, 174; c. 757, ss. 174, 175, 177; c. 791, s. 51; 1985 (Reg. Sess., 1986), c. 955, ss. 94, 94.1; 1987, c. 738, ss. 43-45, 47(a); c. 827, s. 220; c. 874; 1987 (Reg. Sess., 1988), c. 1086, s. 34(b); 1989, c. 58, s. 2; c. 239, s. 2; 1991, c. 542, s. 10; c. 689, s. 22; 1993, c. 539, s. 1030; 1994, Ex. Sess., c. 24, s. 14(c); 1995, c. 97, s. 1; c. 402, s. 1; 1996, 2nd Ex. Sess., c. 18, s. 10.2; 1997-412, s. 6.)

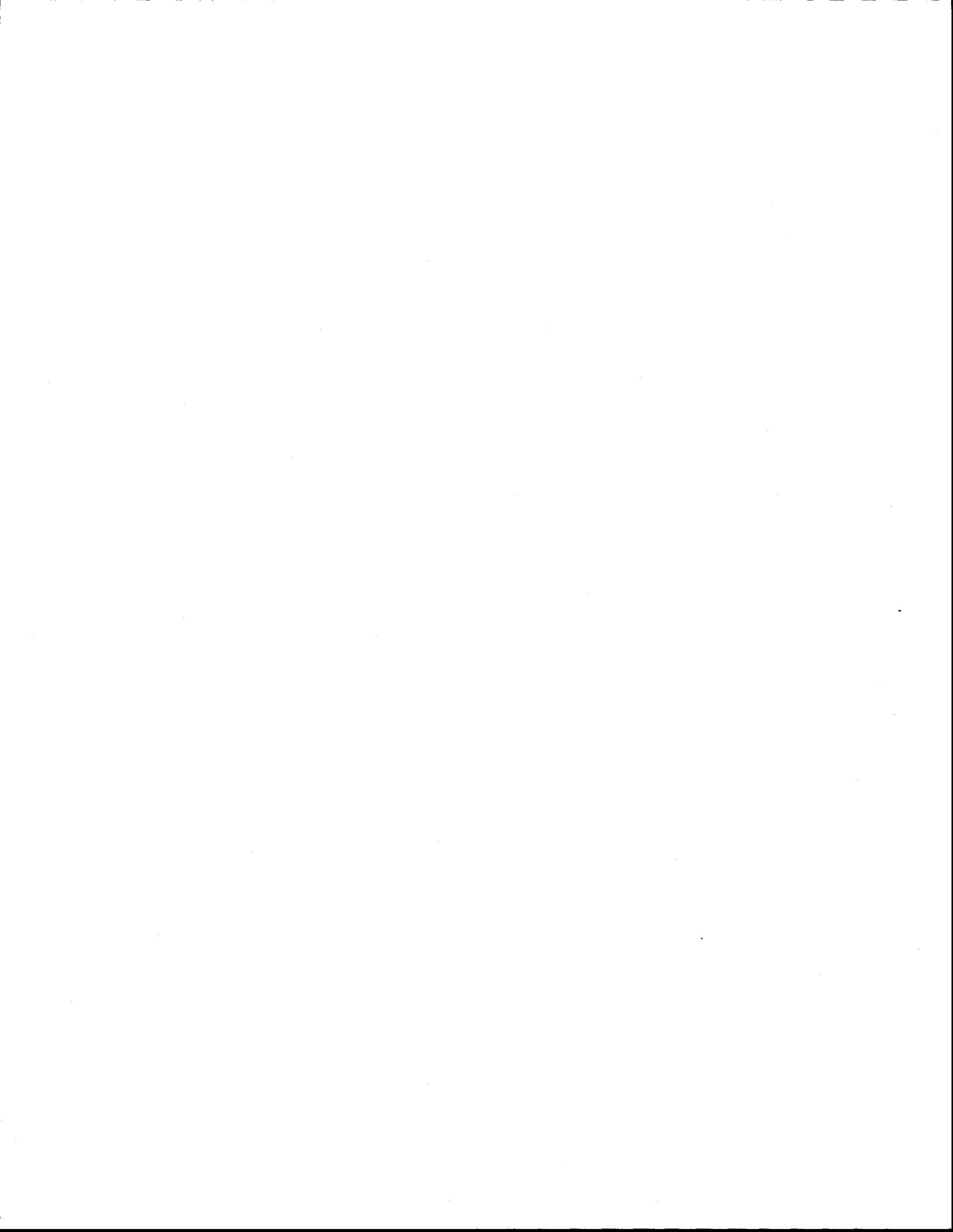
Subdivision (3) Set Out Twice. - The first version of subdivision (3) set out above expires July 1, 2001. The second version of subdivision (3) set out above is effective July 1, 2001.

Cross References. - For provision that State officers and employees who perform computerized data processing functions pursuant to subdivision (9) of this section for the Department of Revenue are authorized to receive and process for the Department information in reports and returns and are subject to certain criminal provisions, see § 105-259.

For provision that the State is not liable for North Carolina Amateur Sports use of State vehicles, see § 143-299.3.

Editor's Note. - Session Laws 1971, c. 1097, which amended this section, in s. 5.1, provided: "This act shall not apply to the Police Information Network established under Chapter 114 of the General Statutes."

Section 143B-269 establishes the Black Mountain Advancement Center for Women and provides in



§ 143-6. Information from departments and agencies asking State aid.

(a) On or before the first day of September in the even-numbered years, each of the departments, bureaus, divisions, officers, boards, commissions, institutions, and other State agencies and undertakings receiving or asking financial aid from the State, or receiving or collecting funds under the authority of any general law of the State, shall furnish the Director all the information, data and estimates which he may request with reference to past, present and future appropriations and expenditures, receipts, revenue, and income.

(b) Any department, bureau, division, officer, board, commission, institution, or other State agency or undertaking desiring to request financial aid from the State for the purpose of constructing or renovating any State building, utility, or other property development (except a railroad, highway, or bridge structure) shall, before making any such request for State financial aid, submit to the Department of Administration a statement of its needs in terms of space and other physical requirements, and shall furnish the Department with such additional information as it may request. The Department of Administration shall then prepare preliminary studies and cost estimates for the use of the requesting department, bureau, division, officer, board, commission, institution, or other State agency or undertaking in presenting its request to the Director of the Budget.

(c) On or before the first day of September in the even-numbered years, each of the departments, bureaus, divisions, officers, boards, commissions, institutions, and other State agencies receiving or asking financial aid or support from the State, under the authority of any general law of the State, shall furnish the Director with the following information:

(1) The amount of State funds disbursed in the immediately preceding two fiscal years and the purpose for which the funds were disbursed and used, the amount being requested as continuation funds for the upcoming fiscal year, and the justification for continued State support; and

(2) Justification for continued State support shall include information on the extent of the public benefit being derived from State support.

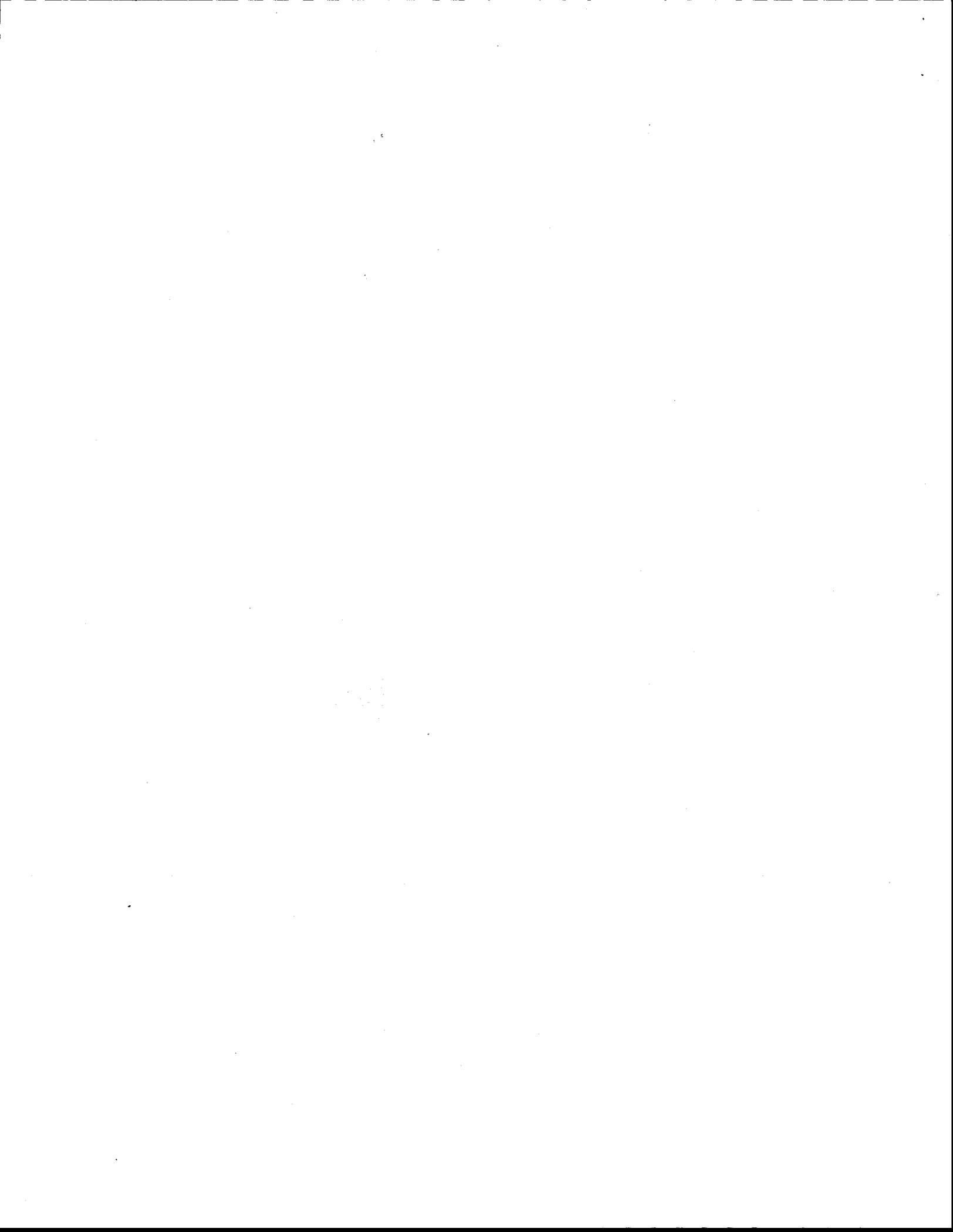
(d) The Office of State Budget and Management and the Director of the Budget shall provide to the General Assembly, on or before January 15 of each odd-numbered year, a report that adequately and fairly presents the information required in this section.

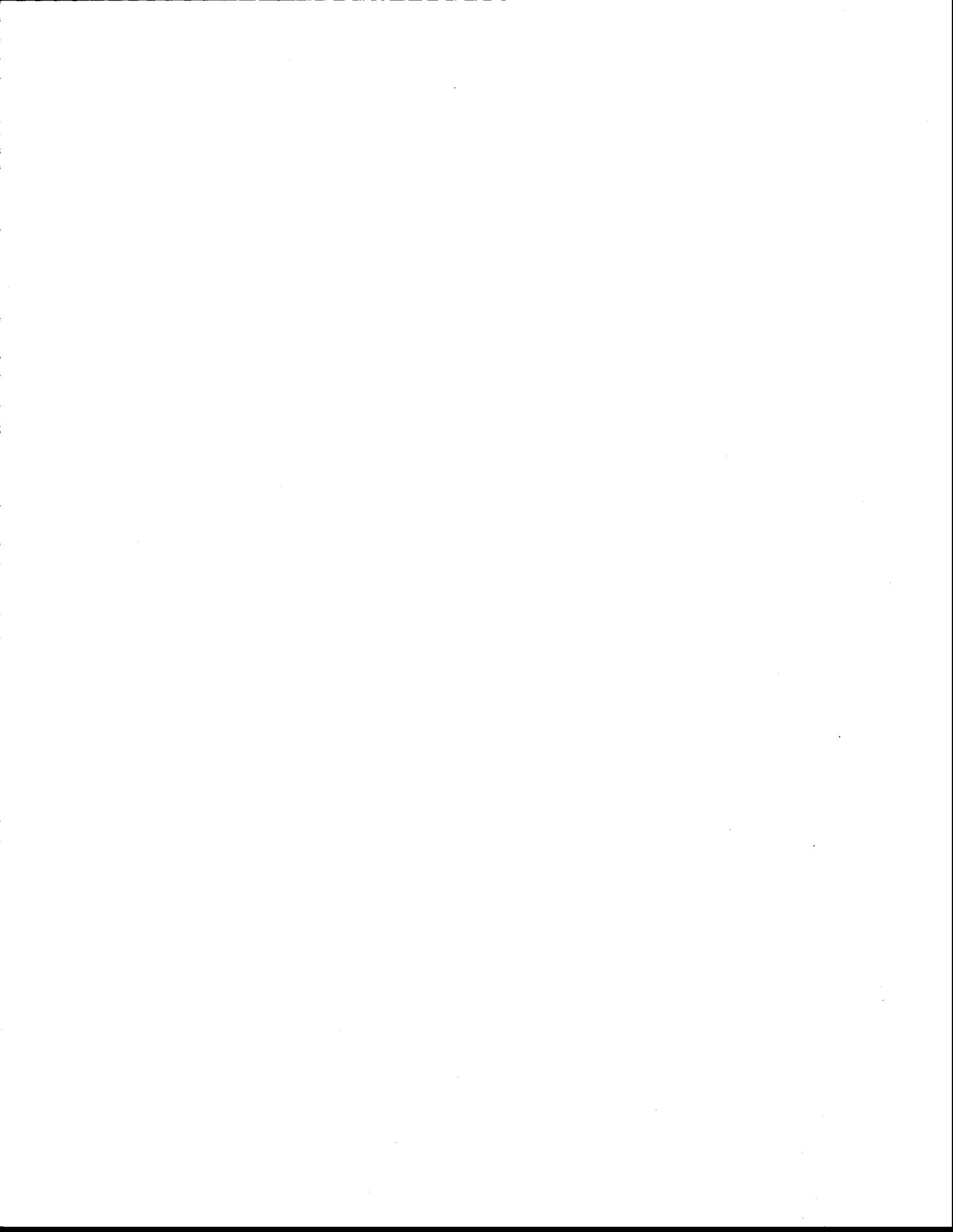
(1925, c. 89, s. 6; 1929, c. 100, s. 6; 1957, c. 584, s. 4; 1965, c. 310, s. 4; 1991, c. 689, s. 190(b).)

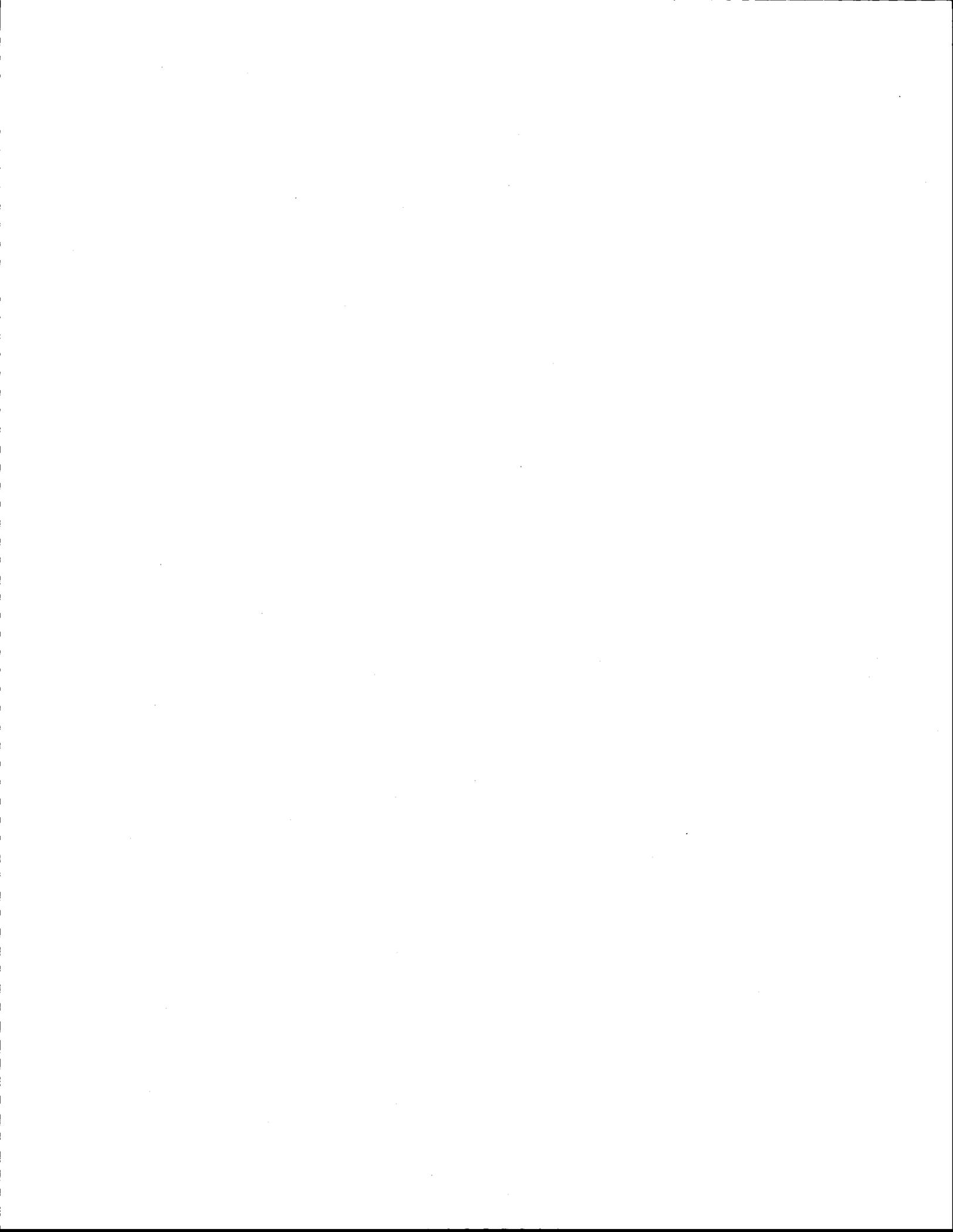
Editor's Note. - Session Laws 1991, c. 689, which in s. 190(b) amended this section primarily by adding subsections (c) and (d), provides in s. 190(c): "This section does not apply to the General Assembly or its membership."

OPINIONS OF ATTORNEY GENERAL

Personnel Responsibilities Shared by Industrial Commission and Department of Commerce. - When §§ 97-77, 97-78, 97-79, 143-296, this section, and 143B-431 are read together, it becomes clear that the members of the Industrial Commission have the authority to employ, direct and supervise professional and technical personnel; the remainder of the authority for staffing, directing and supervising is vested in the principal department, the Department of Economic and Community Development (now Department of Commerce). See opinion of Attorney General to J. Randolph Ward, Commissioner, North







DRAFT

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

98-SDZ-003

D

1

LRC STUDY COMMITTEE BILL

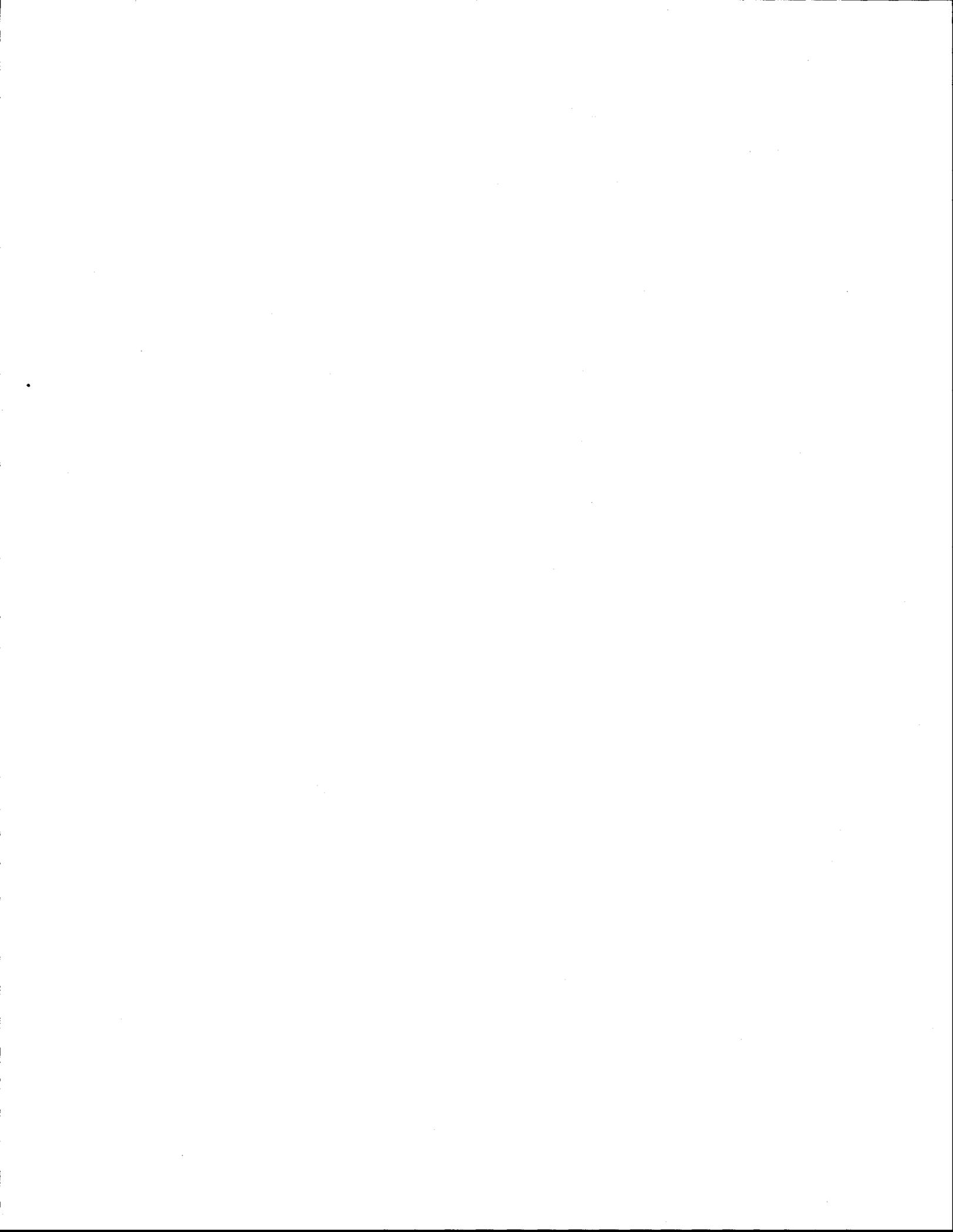
Short Title: DOA CERTIFICATION.

(PUBLIC)

Sponsors: Representative Ives.
Senator Plyler

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE DEPARTMENT OF ADMINISTRATION TO CERTIFY THE
3 BROAD FEASIBILITY OF STATE CONSTRUCTION PROJECTS AND MAKE THAT
4 CERTIFICATION A PREREQUISITE TO FUNDING.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 143-341(3) reads as rewritten:
7 " (3) Architecture and Engineering:
8 a. To examine and approve all plans and
9 specifications for the construction or
10 renovation of:
11 1. All State buildings; and
12 2. All community college buildings requiring
13 the estimated expenditure for
14 construction or repair work for which
15 public bidding is required under G.S.
16 143-129
17 prior to the awarding of a contract for such
18 work; and to examine and approve all changes
19 in those plans and specifications made after
20 the contract for such work has been awarded.
21 b. To ~~prepare preliminary studies and cost~~
22 ~~estimates and otherwise to assist~~ assist, as
23 necessary, all agencies in the preparation of
24 requests for appropriations for the



1 construction or renovation of all State
2 buildings.

3 b1. To certify that a statement of needs pursuant
4 to G.S.143-6 is feasible. For purposes of
5 this sub-subdivision, "feasible" means that
6 the proposed project is sufficiently defined
7 in overall scope; building program; site
8 development; detailed design, construction,
9 and equipment budgets; and comprehensive
10 project scheduling so as to reasonably ensure
11 that it may be completed with the amount of
12 funds requested. At the discretion of the
13 General Assembly, advanced planning funds may
14 be appropriated in support of this
15 certification. This sub-subdivision shall not
16 apply to requests for appropriations of less
17 than one hundred thousand dollars (\$100,000).

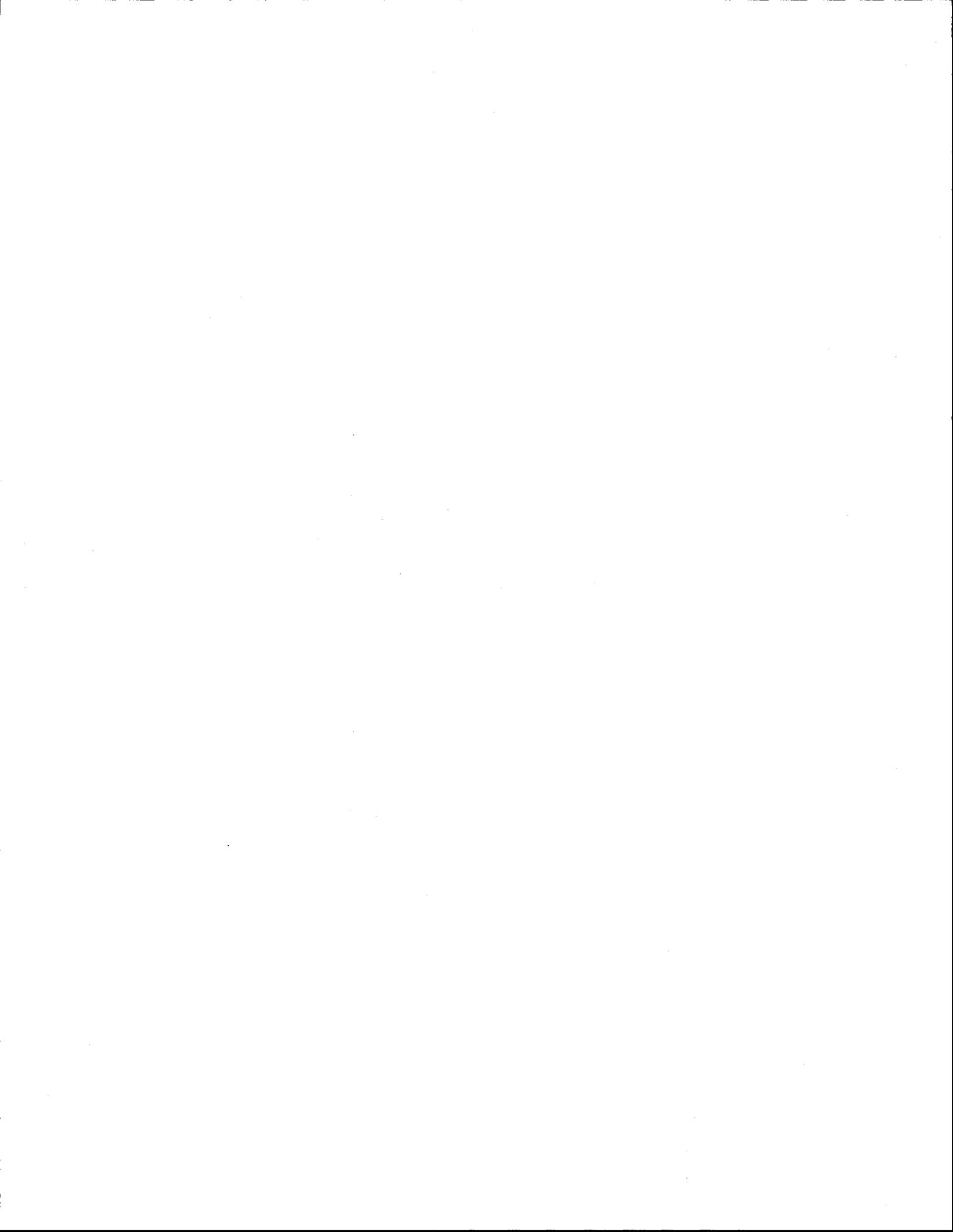
18 c. To supervise the letting of all contracts for
19 the design, construction or renovation of all
20 State buildings and all community college
21 buildings whose plans and specifications must
22 be examined and approved under a.2. of this
23 subdivision.

24 d. To supervise and inspect all work done and
25 materials used in the construction or
26 renovation of all State buildings and all
27 community college buildings whose plans and
28 specifications must be examined and approved
29 under a.2. of this subdivision; and no such
30 work may be accepted by the State or by any
31 State agency until it has been approved by the
32 Department.

33 Except for sub-subdivision b., this subdivision
34 does not apply to the design, construction, or
35 renovation or projects by The University of North
36 Carolina pursuant to G.S. 116-31.11."
37

38 Section 2. G.S. 143-6 reads as rewritten:
39 "§ 143-6. Information from departments and agencies asking State
40 aid.

41 (a) On or before the first day of September in the
42 even-numbered years, each of the departments, bureaus, divisions,
43 officers, boards, commissions, institutions, and other State
44 agencies and undertakings receiving or asking financial aid from



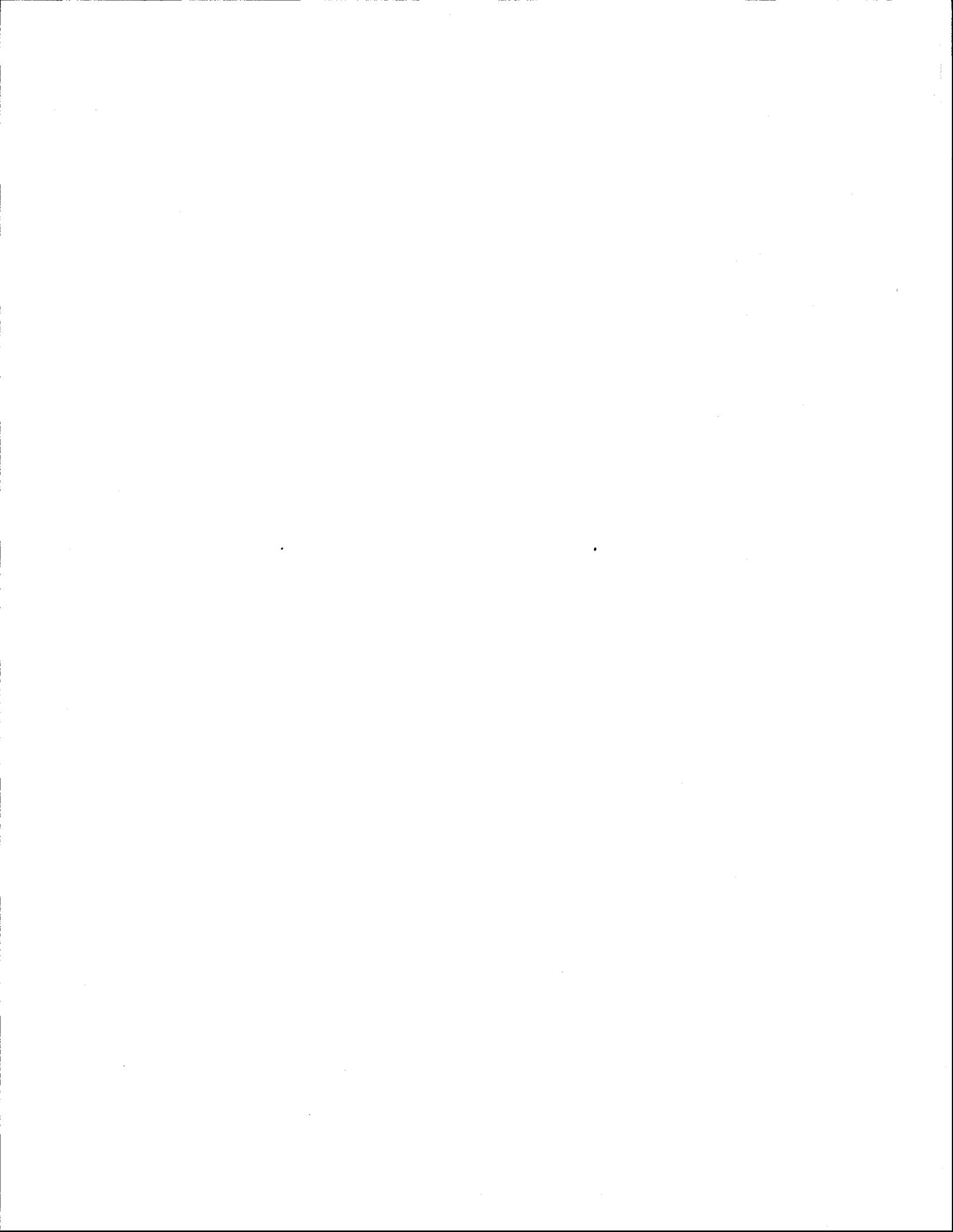
1 the State, or receiving or collecting funds under the authority
2 of any general law of the State, shall furnish the Director all
3 the information, data and estimates which he may request with
4 reference to past, present and future appropriations and
5 expenditures, receipts, revenue, and income.

6 (b) Any department, bureau, division, officer, board,
7 commission, institution, or other State agency or undertaking
8 desiring to request financial aid from the State for the purpose
9 of constructing or renovating any State building, utility, or
10 other property development (except a railroad, highway, or bridge
11 structure) shall, before making any such request for State
12 financial aid, submit to the Department of Administration a
13 statement of its needs in terms of space and other physical
14 requirements, and shall furnish the Department with such
15 additional information as it may request. The Department of
16 Administration shall then ~~prepare preliminary studies and cost~~
17 ~~estimates for the use of~~ review the statement of needs submitted
18 by the requesting department, bureau, division, officer, board,
19 commission, institution, or other State agency or undertaking ~~in~~
20 ~~presenting its request to the Director of the Budget, and perform~~
21 additional analysis, as necessary, to comply with G.S. 143-341.

22 (b1) All requests for financial aid for the purpose of
23 constructing or renovating any State building, utility, or other
24 property development (except a railroad, highway, or bridge
25 structure) shall be accompanied by a certification from the
26 Department of Administration as outlined in G.S. 143-341. The
27 General Assembly may provide advanced planning funds but shall
28 only provide construction funds when the requirements of this
29 subsection have been met. This subsection shall not apply to
30 requests for appropriations of less than one hundred thousand
31 dollars (\$100,000).

32 (c) On or before the first day of September in the even-
33 numbered years, each of the departments, bureaus, divisions,
34 officers, boards, commissions, institutions, and other State
35 agencies receiving or asking financial aid or support from the
36 State, under the authority of any general law of the State, shall
37 furnish the Director with the following information:

38 (1) The amount of State funds disbursed in the
39 immediately preceding two fiscal years and the
40 purpose for which the funds were disbursed and
41 used, the amount being requested as continuation
42 funds for the upcoming fiscal year, and the
43 justification for continued State support; and



1 (2) Justification for continued State support shall
2 include information on the extent of the public
3 benefit being derived from State support."
4 Section 3. This act is effective when it becomes law.



EXPLANATION OF LEGISLATION

The proposed legislation does two things. First, it requires the Department of Administration ("DOA") (the agency which the State Construction Office falls under) to certify the feasibility of state construction projects. Second, it makes this certification a prerequisite to funding by the General Assembly. This is accomplished as follows:

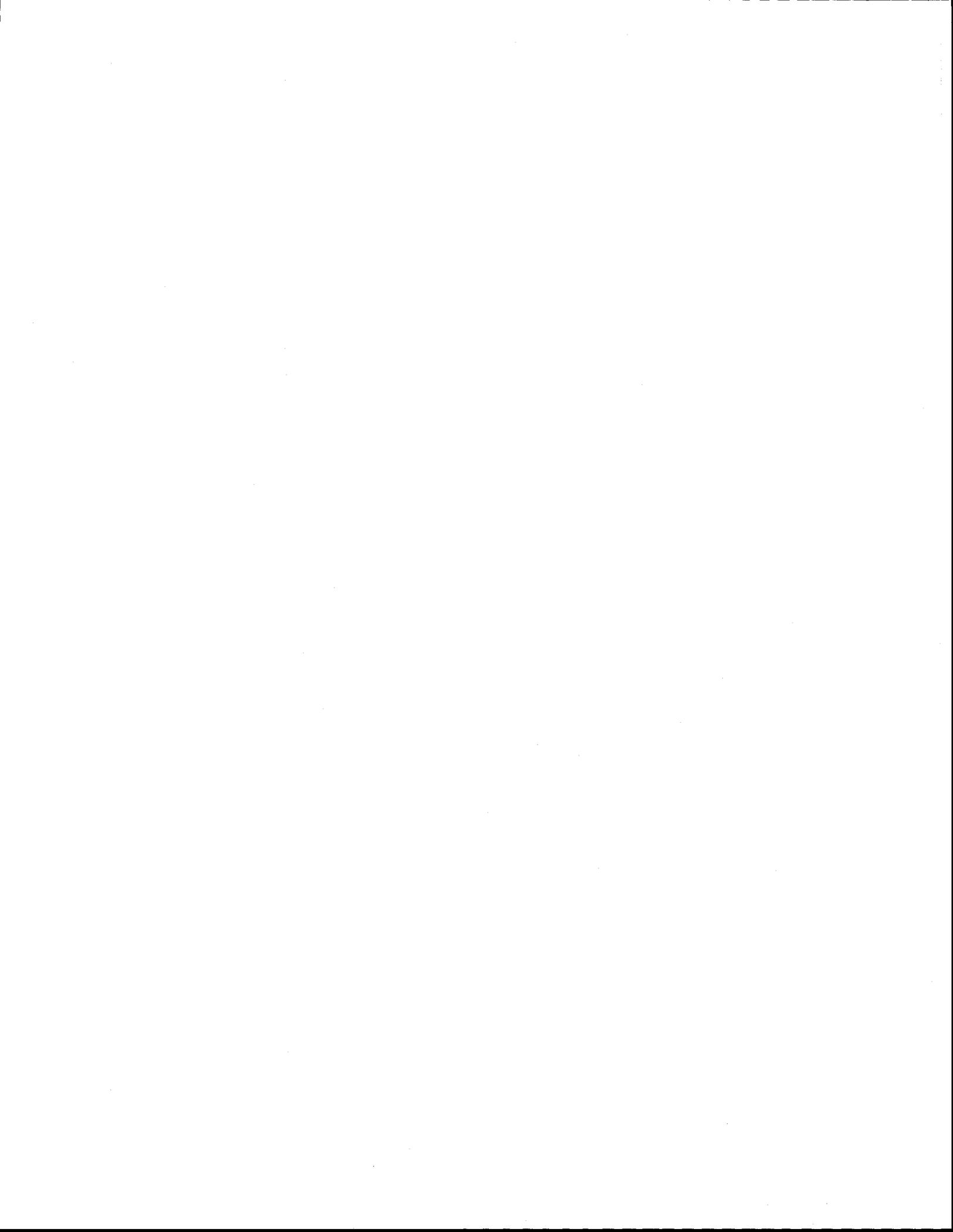
G.S. § 143-341 is modified by inserting a provision that:

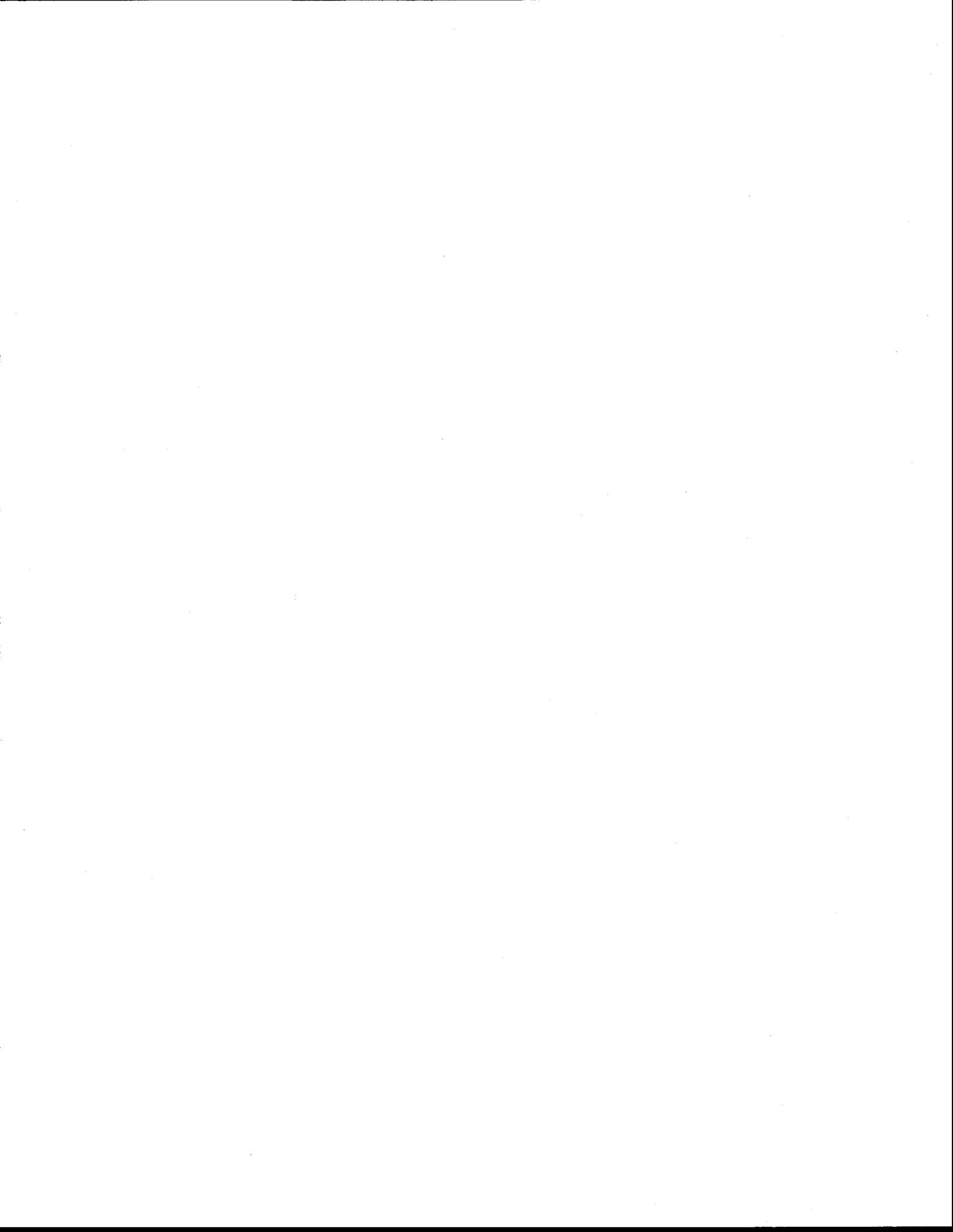
- Requires DOA to certify that a State building project is "feasible;" and
- Defines a "feasible" project as one that is "sufficiently defined in overall scope; detailed design, construction, and equipment budgets; and comprehensive project scheduling so as to reasonably ensure that it may be completed with the amount of funds requested."

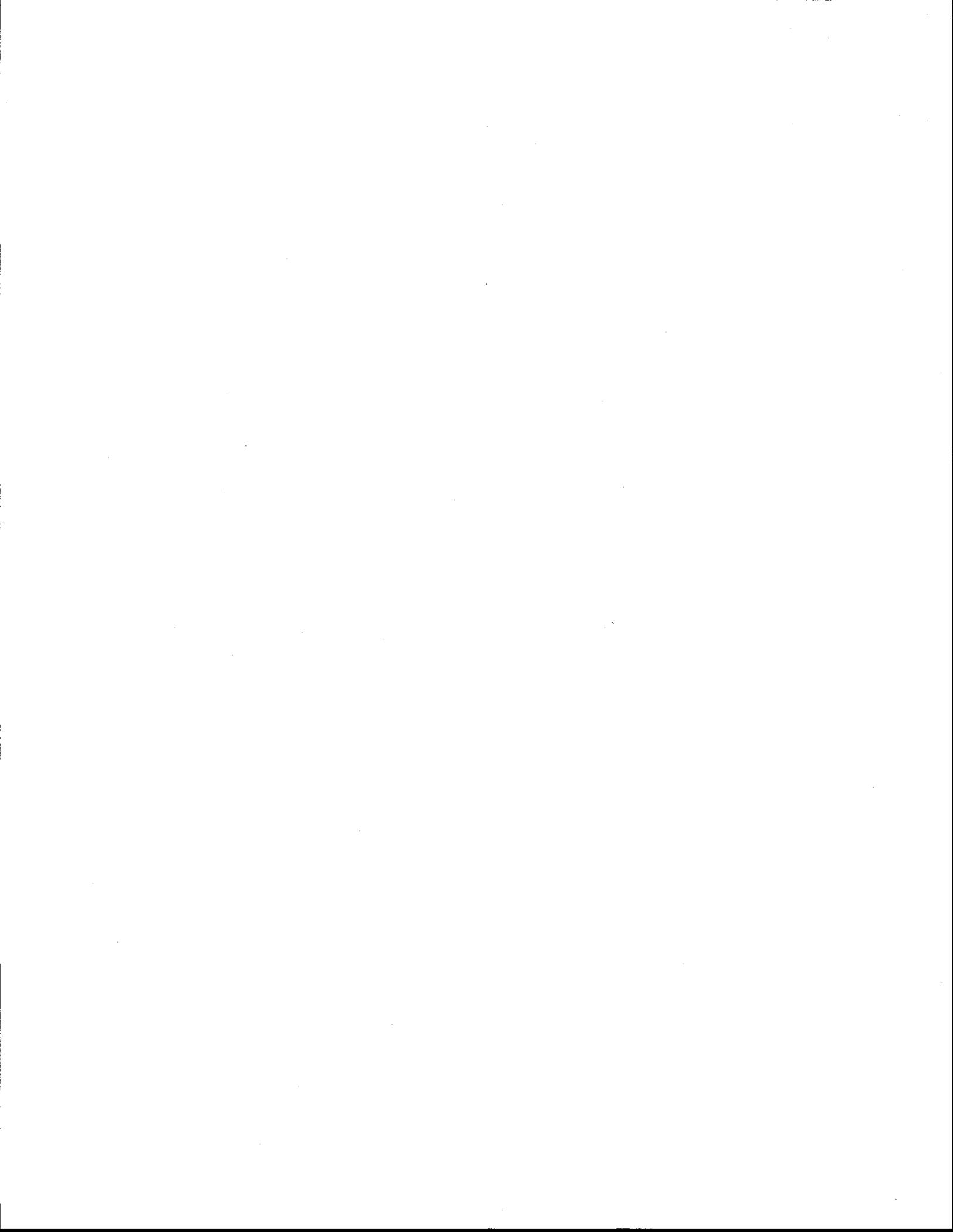
G.S. § 143-6 is modified by inserting a provisions that:

- Require DOA to review funding requests for state construction projects and perform necessary analysis of these projects.
- Prohibit the General Assembly from funding a project that is not accompanied by DOA certification.

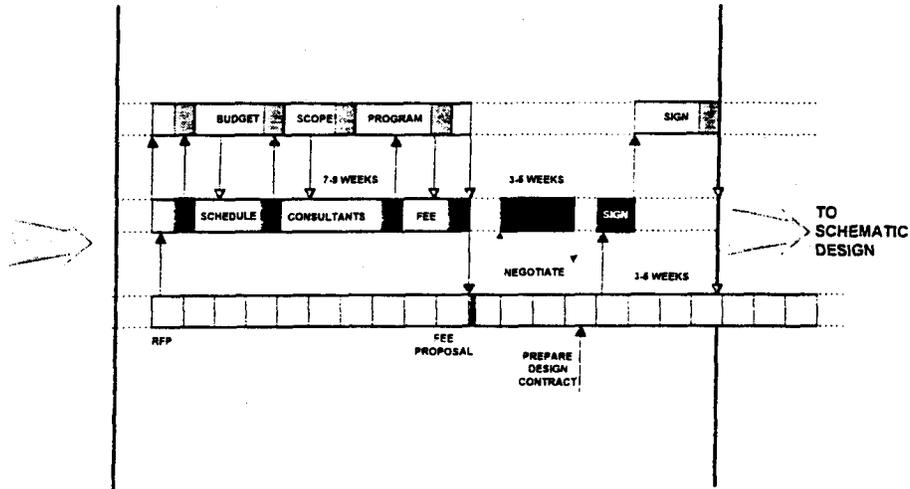
The proposed legislation only affects projects requesting appropriations of \$100,000 or more. These are the projects which are currently subject to the OC25 process. This legislation does not affect the General Assembly's ability to appropriate advanced planning funds.



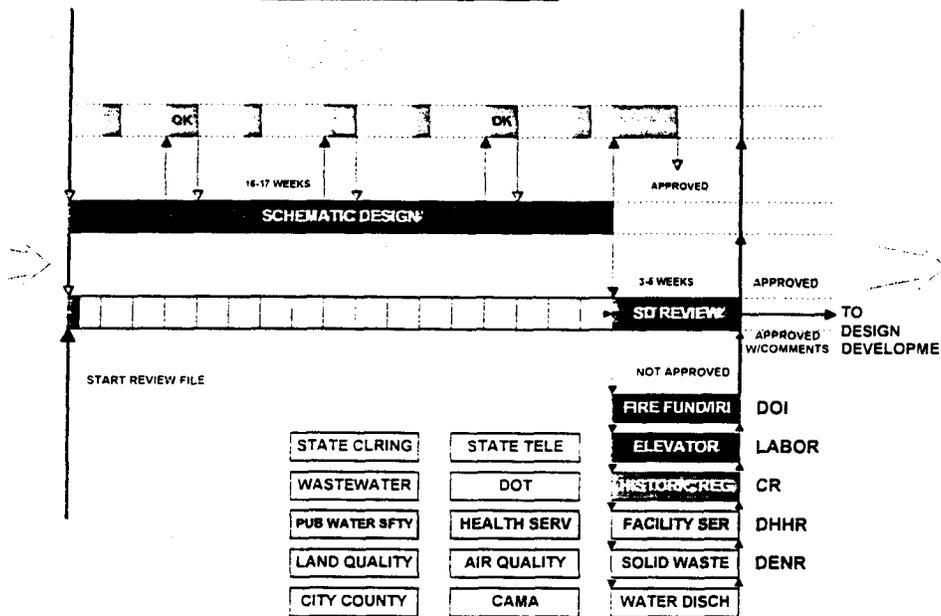




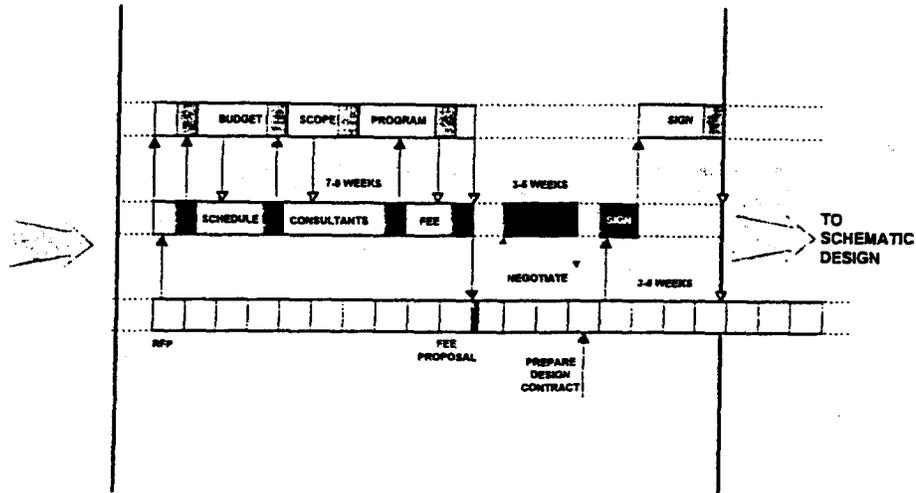
PREPARATION



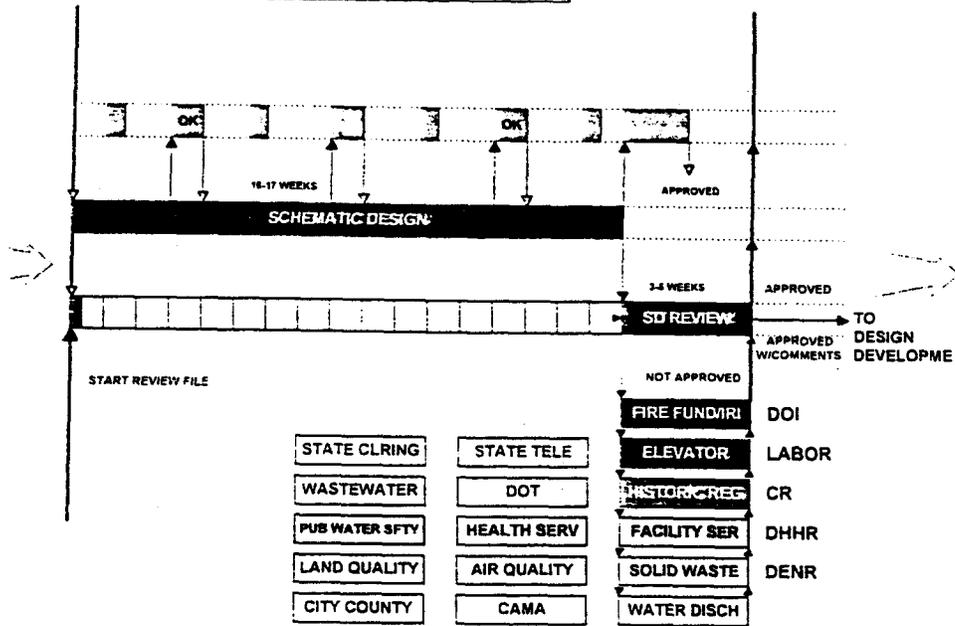
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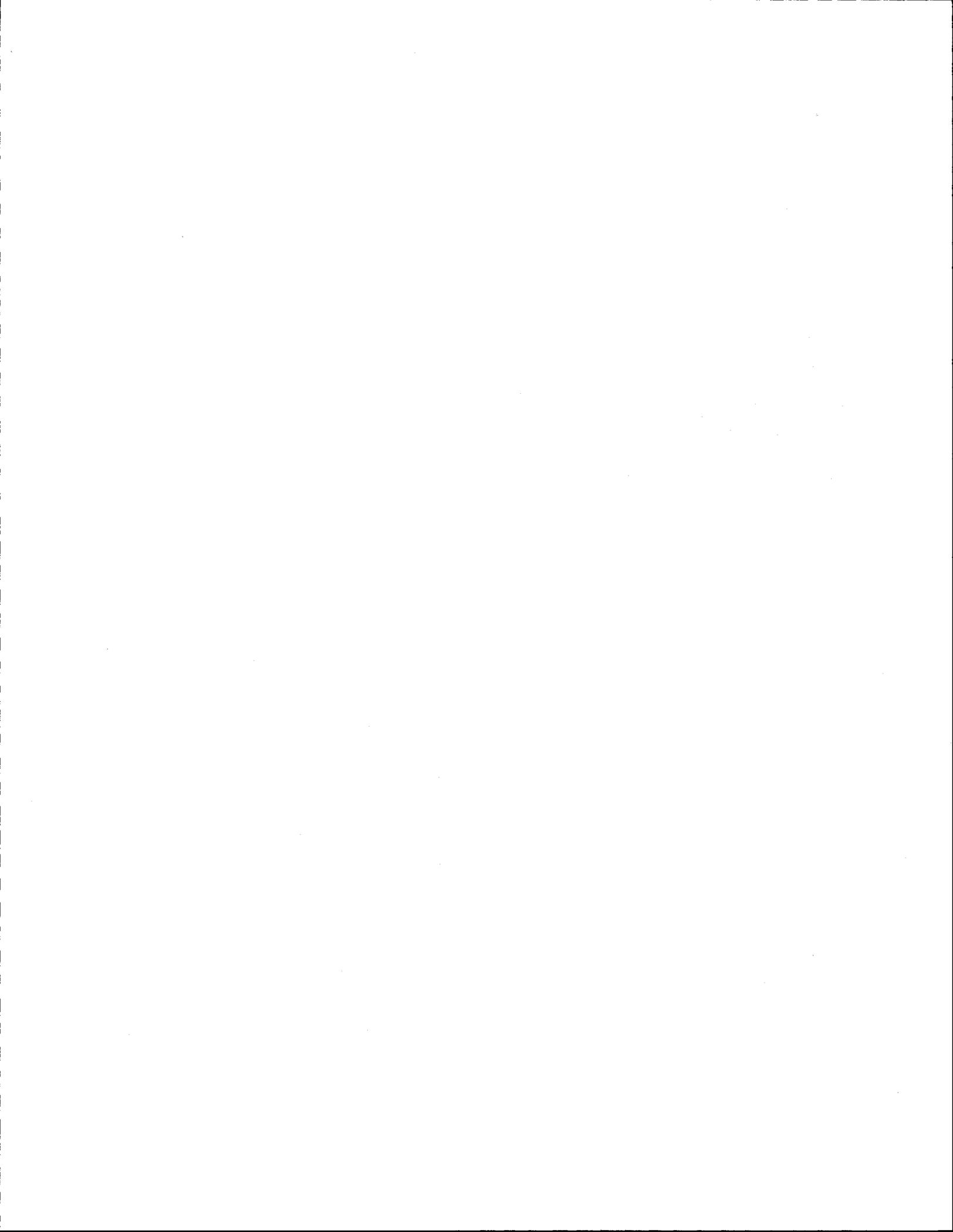


PREPARATION

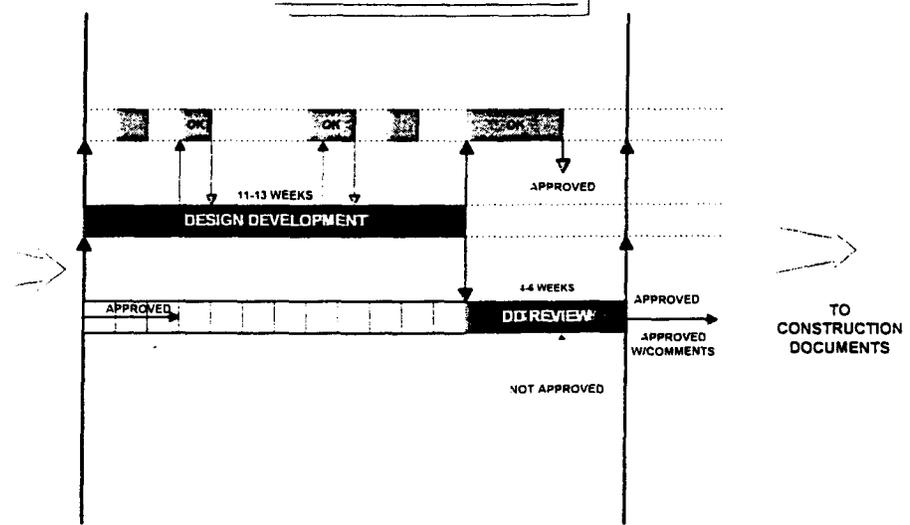


SCHEMATIC DESIGN

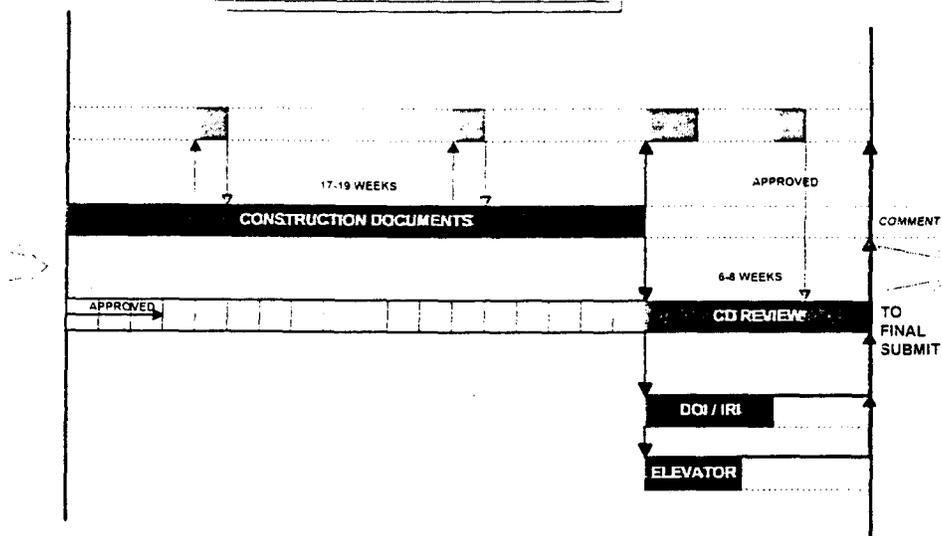


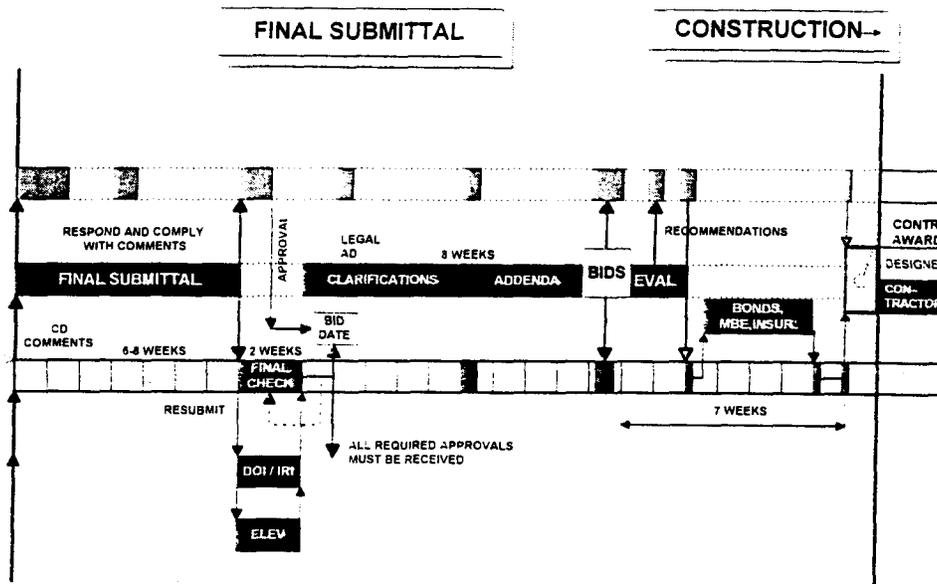


DESIGN DEVELOPMENT



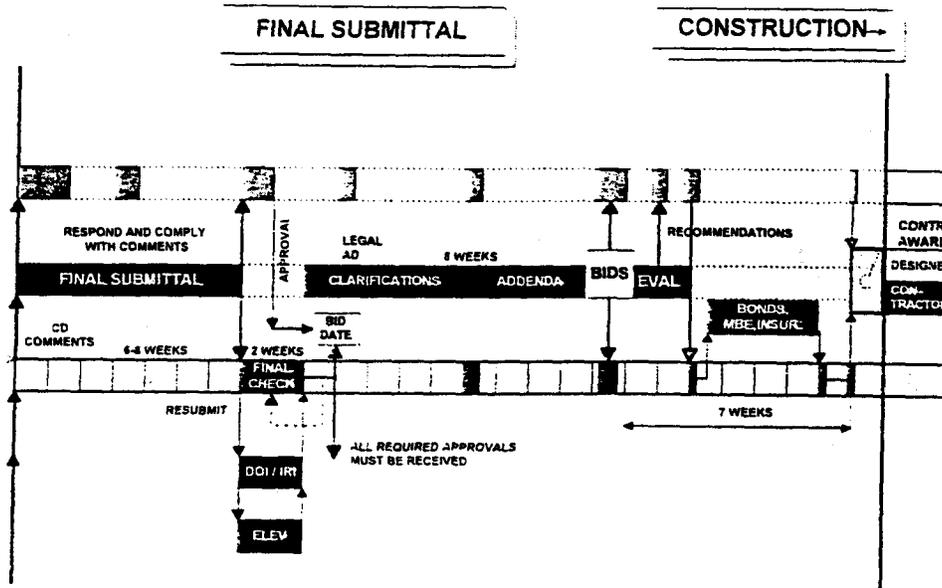
CONSTRUCTION DOCUMENTS





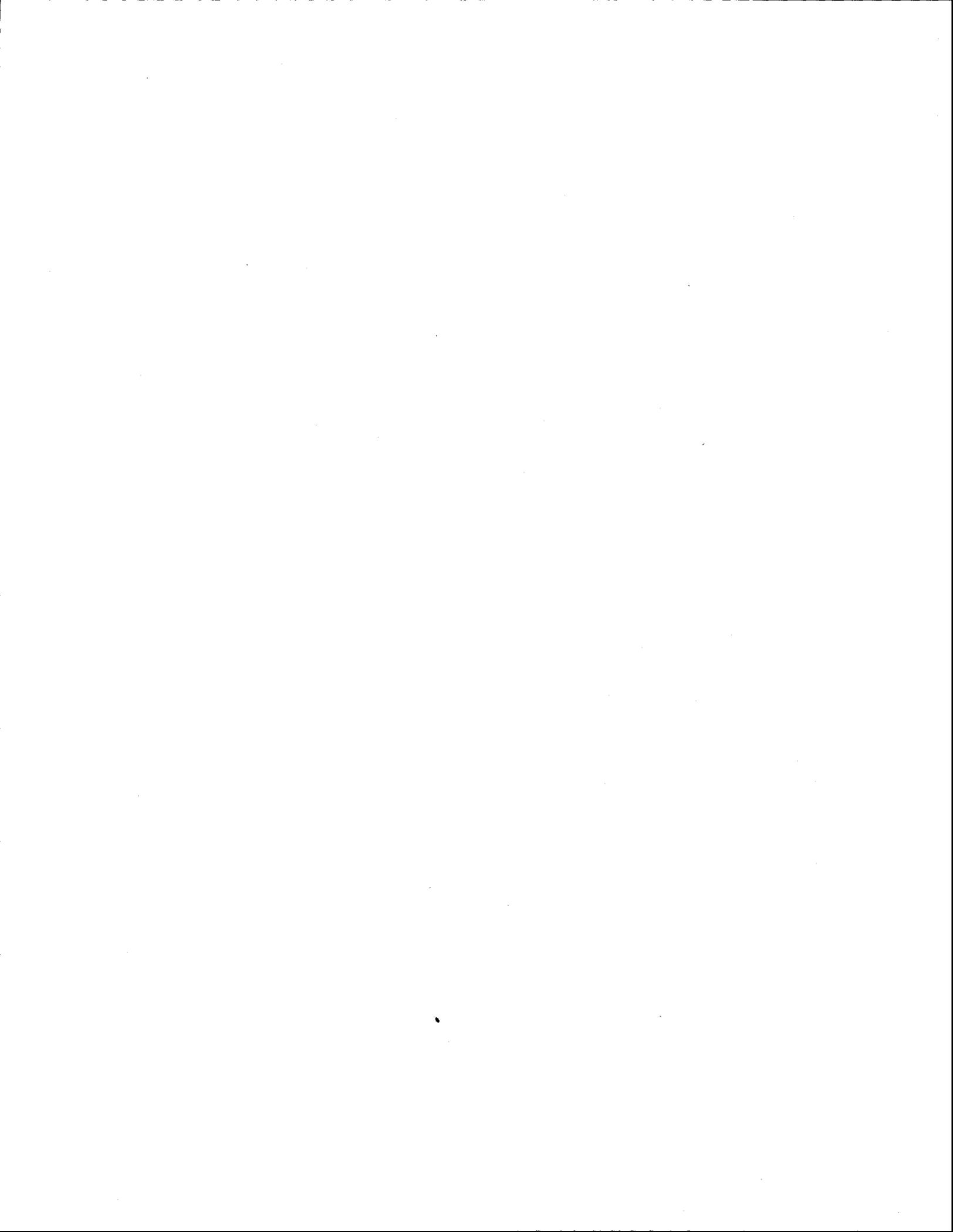
The Process:

*Design & Review
for
Construction of State Facilities*



The Process:

*Design & Review
for
Construction of State Facilities*



3-18-98

EXHIBIT F

^{with #1}
N.C. State Ports
Mr. Jerral Freeman
Chief Engineer

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Oral Presentation to the State Construction Legislative Study Committee

- ❖ (Greetings of the day)

- ❖ NCSPA has prepared a position paper on the current study of the State Construction Process. Copies have been delivered to the Committee staff. This paper provides some background data on the NCSPA and management of construction projects.

- ❖ We must have laws and rules governing expenditure of public funds - we must obtain honest value for moneys spent - we must protect against fraud and theft - we must have some degree of uniformity in methods and procedures. Our discussion should not be on the existence of procurement laws and regulations but on the degree of control and the distribution of control and responsibility.

- ❖ Any discussion of improvement can smack of criticism - our comments are offered in hope of continued improvement - not criticism of principles of law nor of the administrators of those laws. The laws bind both ways - the reviewer and the reviewed must adhere to what you, the legislature require of us. My personal experience has been very good with regard to individuals administering the current regulations -

1

they are knowledgeable of the requirements and helpful in the implementation of the current laws.

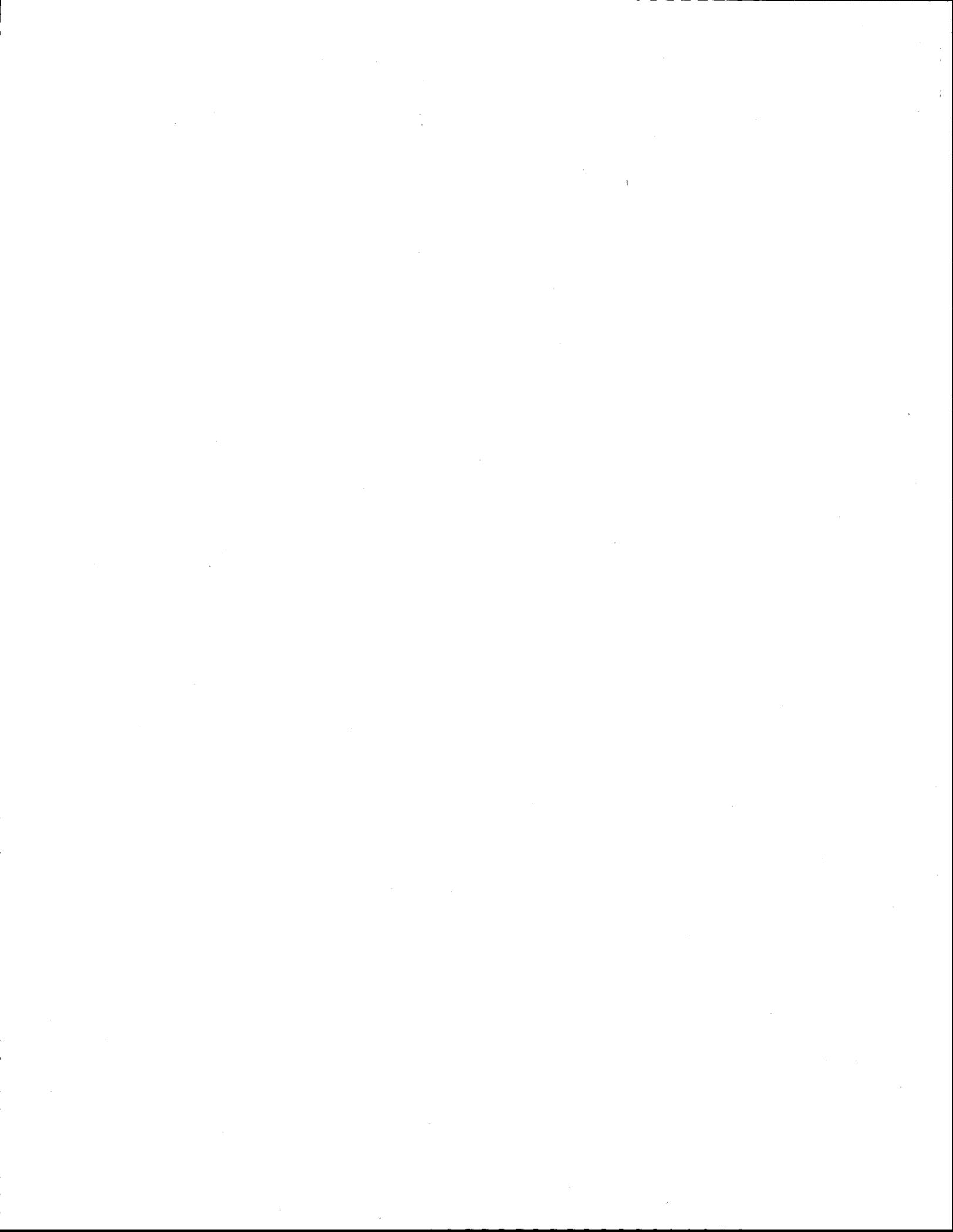
- ❖ The designer of a dock faces a special set of circumstances - on one side the dock must sit in deep water and hold on to very heavy vessels with flexible connections and simultaneously support heavy cargo moving between the dock and the vessel. On the other side - the dock connects with roads, parking lots and warehouses on dry land. In between is usually an area of weak foundations and constantly varying water levels. The situation of NCSPA as an organization managing construction projects is very similar - on one side we have one foot solidly in state government construction procurement laws and policies - on the other side we have one foot solidly in the realm of private enterprise developing facilities to serve international trade.

- ❖ One side is constantly changing with advancing technology and changing world markets - on the other side are the detailed, methodical, almost ponderous procurement laws and regulations with time consuming reviews and approvals. We strongly recommend the Study Committee examine existing state regulations and move towards a system of laws and regulations

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- ❖ One side is constantly changing with advancing technology and changing world markets - on the other side are the detailed, methodical, almost ponderous procurement laws and regulations with time consuming reviews and approvals. We strongly recommend the Study Committee examine existing state regulations and move towards a system of laws and regulations



that will allow for a flexible response to highly variable customer needs.

- ❖ While not intimately familiar with other agency needs, we believe those agencies with qualified, professional staffs will better serve the citizens of North Carolina if changes allow the agency staff to take responsibility for managing all or part of their construction projects. This might include the responsibility for selecting designers, negotiating and executing contracts, providing technical review and other clerical functions that need not be performed "in Raleigh". The Position Paper furnished to the Study Committee provides some further discussion of these possibilities.

- ❖ Modern management of organizations has moved from highly centralized decision making to distributed decision making - allowing decisions to be made as close to the affected working level as possible. The process of sending work to a central area for approval before execution is in reality deferral of the decision to the reviewer - he is merely receiving a recommendation that he need not accept. Such a system can achieve a high degree of conformity - but very little originality.

- ❖ Excellence in performance can only be achieved with flexibility of action and responsibility for results. Excellence cannot be legislated, only mediocrity can result from legislation that provides a list of strict do's and don'ts.

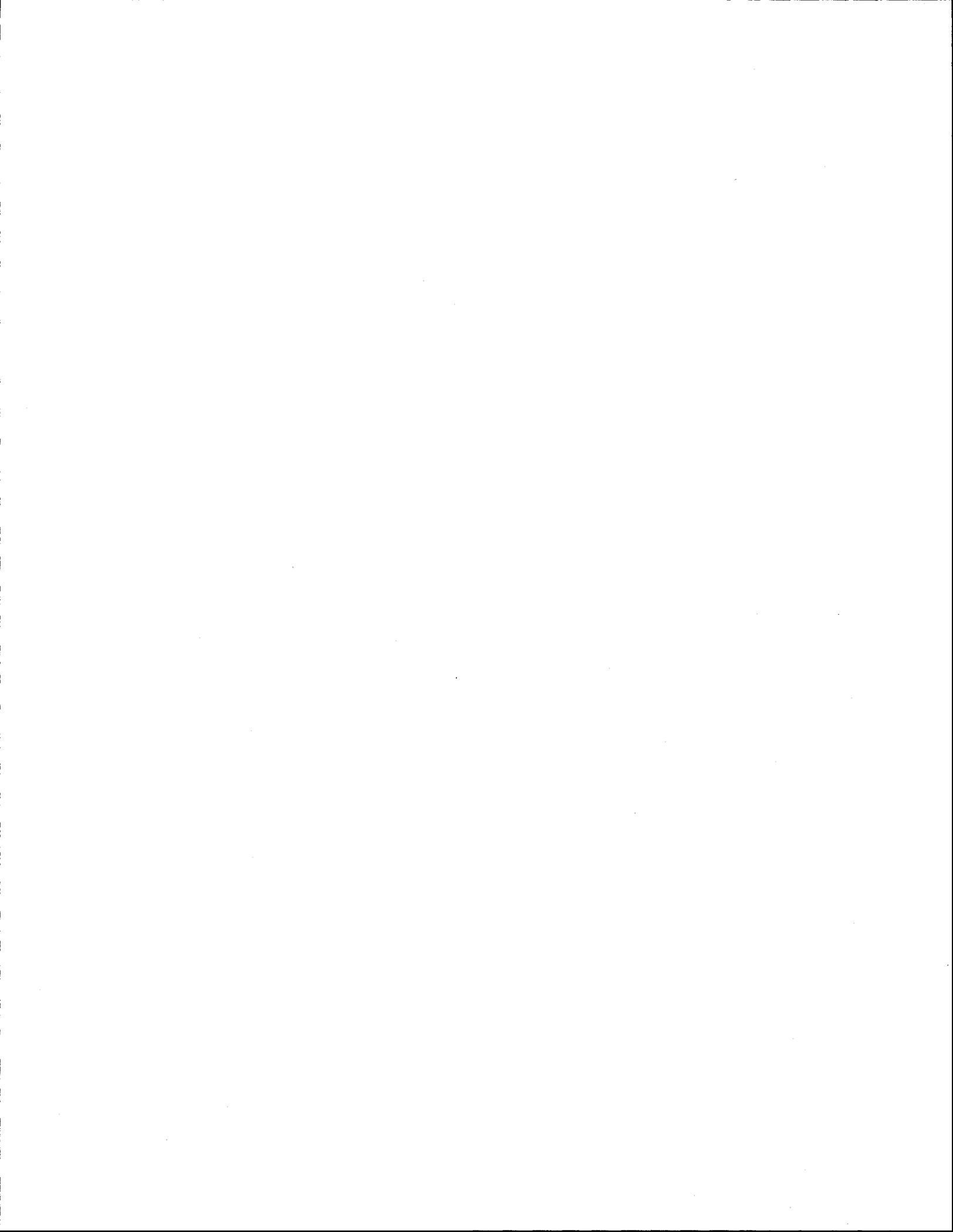
- ❖ We believe the Study Committee should consider not attempting to achieve one, final revision to the procurement code. Perhaps a more enduring solution would be to acknowledge the ever present change we live with and to incorporate mechanisms into the law to allow for continuous feedback and adjustment.

- ❖ Thank you again for this opportunity to speak to you, we offer our help in your endeavors to review and possibly revise existing laws. We will glad to answer any questions you may have, now or later.

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**Presentation to the
State Construction Legislative Study
Committee**

by

North Carolina State Ports Authority

March 18, 1998



Background

The North Carolina State Ports Authority (NCSPA) is responsible for constructing, maintaining and operating deep water ports serving the State of North Carolina. The primary focus of the current discussion is on construction and maintenance. However, the operating requirements of a deep water port necessarily impact the processes required for construction and maintenance.

Deep water ports are the cargo transportation gateways to the global economy. Over 95%, by weight, of U. S. international trade moves through public seaports. This corresponds to 75% of the dollar value of that trade. To maximize the benefits derived from participation in the global economy, a port must be attractive to shipping lines that are relatively free to select their ports of call. To be attractive to shipping lines, ports must have access to deep water, must have adequate berthing facilities, must be able to efficiently transfer cargo to and from vessels, and must be able to efficiently transfer cargo to and from the inland markets.

Public ports must frequently enter into contracts requiring commitments for construction of additional facilities if they are to compete with other ports for a share of the global economy. And compete they must. States along the Atlantic seaboard are engaged in strong competition for international shipping business. States such as Virginia and South Carolina continue to invest heavily in their public port systems in order to give their citizens opportunities to participate in the benefits of a global economy. To compete effectively, ports must be able to make timely commitments in contracting with private businesses using port facilities.

Public port terminals require public financing because of the large capital outlays required. In this respect they are similar to airports, highways and other government financed infrastructure. While the benefits of these public facilities accrue to many within the North Carolina economy, typically no single user has the resources to construct such facilities. This is best accomplished with public resources. Thus, the challenge faced by the North Carolina State Ports Authority today is how best to manage the public trust portion of the State's ports system while responding to our private enterprise customers in a timely, cost effective way.

Current Practices

Operating revenues generated by public ports historically, throughout the United States and in North Carolina, have been sufficient to cover operating expenses and minor maintenance projects. However, most new construction and major maintenance work has been financed with additional public funds. Management of these construction projects must comply with the laws of North Carolina. These laws, and supporting regulations, place very specific requirements on the processes for requesting funds, selecting designers, public bidding of construction, and post construction reporting and evaluation.

These laws also address many areas of public interest. There are requirements for safeguarding public funds, such as competitive bidding of construction work; and there are requirements to ensure equal access to public work, such as multiple prime bidding. In some cases these laws also define processes and

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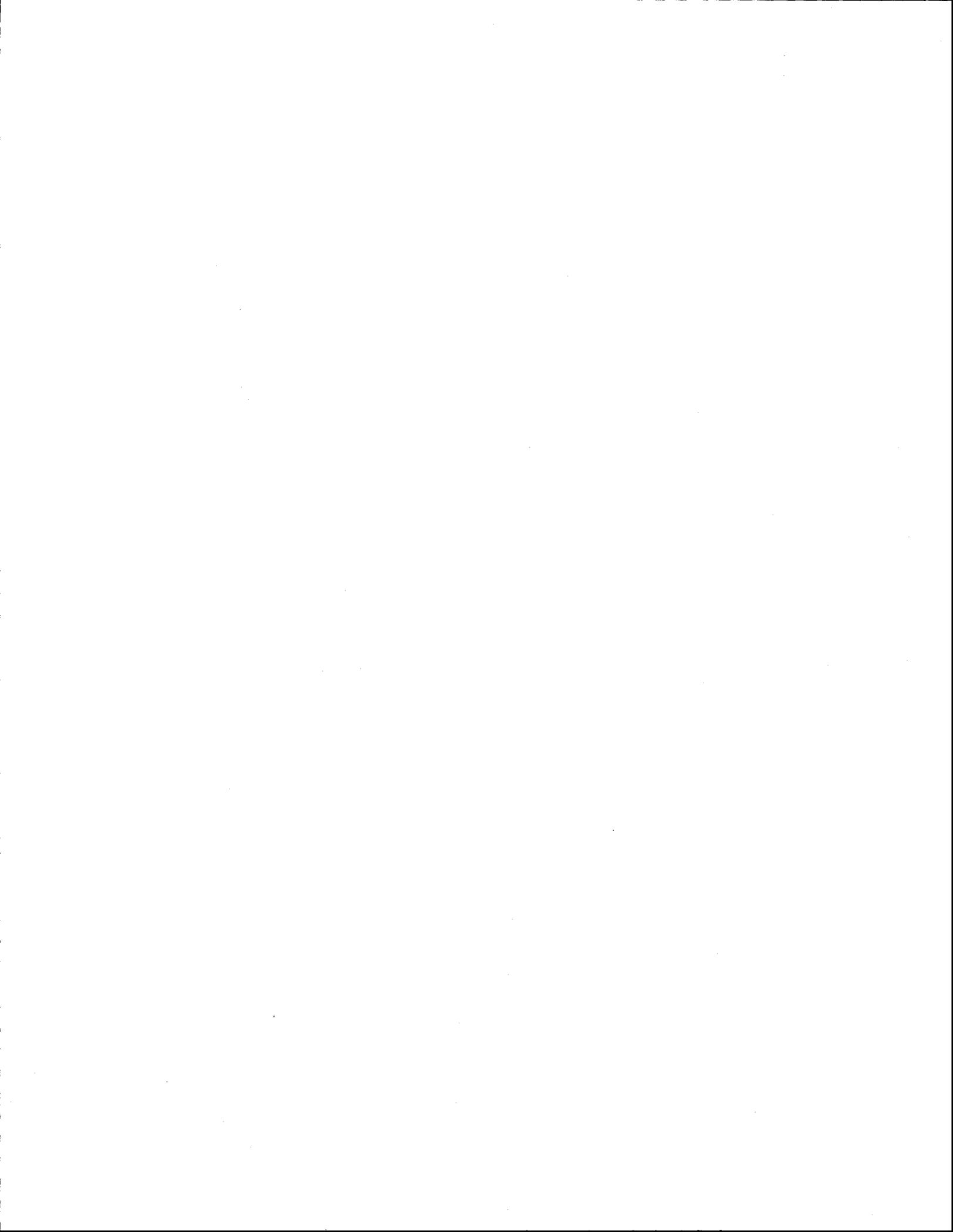
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designate specific agencies to monitor these processes to ensure compliance with these laws.

Management of construction projects requires an overall knowledge of these laws and regulations. Each state agency appoints a Capital Projects Coordinator (CPC) to manage its projects; the State Construction Office (SCO) generally provides initial training for the CPC's and supports them with advice and counsel throughout the life of a project. While there will undoubtedly be debate over details, care should be taken not to destroy the beneficial aspects of these laws.

Difficulties

From time to time NCSIPA has experienced difficulties and frustrations with some aspect of the construction procurement process. Of course, each project is different and no two projects have exactly the same experiences. If a difficulty can be anticipated, it is sometimes possible to make special arrangements to reduce the impact of the problem. In general, the problems experienced by NCSIPA translate to delays in scheduling. Private enterprise can normally design, bid and construct a project in significantly less time than a state agency. Following is a list of difficulties experienced at some time on NCSIPA projects.

- The time to select a designer and negotiate a contract for required professional services is highly variable and can be lengthy. The process requires an advertisement in a document published twice a month. Because of advance notice requirements, it may be near three weeks before the actual advertisement is made public. The required response time plus time for interviews and recommendations may add another three to six weeks to the process. The recommendation for designer selection must be presented to the Building Commission at its regular monthly meeting. The SCO then must request a proposal from the designer, after which the proposal must be approved by NCSIPA and SCO and a contract issued and signed. The process may take as long as three or four months.
- The time to execute construction contracts can be highly variable and unpredictable. Construction bid results must be presented to SCO for approval to award. Contract documents must be circulated to the Contractor, Owner and SCO for final signatures. Delays in processing, circulating, and obtaining insurance certificates may extend this process over four to six weeks. This process is made even more complex if Multiple Prime Contracts are involved.
- Technical review of a project can be complex and time consuming. Ten or more agencies may be required to perform multiple reviews of a project. Differences between review agencies must be resolved. In some agencies the project may be reviewed by three or more different people, each on an individual work schedule. Some reviews have taken over two months and all review schedules are virtually unpredictable.
- Communications with Construction Engineers are often difficult. Construction Engineers are assigned to specific areas of the State. Their individual work load and travel schedule make it difficult to communicate with them and to schedule meetings and inspections.
- Sequencing of various agency approvals can be problematical. Prescribed sequencing of approvals and conflicting schedules sometimes combine to delay execution of contracts. Procedures should allow for parallel review and approval paths as much as possible.

Possible Improvements

At this point in the legislative study process, it is inappropriate for NCSPA to suggest specific changes to the complex legislation governing construction procurement in North Carolina. Rather, general commentary on an overall approach will probably prove to be more productive.

One approach, not recommended, might be to totally relieve NCSPA from the state procurement procedures and the requirements of the SCO. While offering relief to NCSPA from the coordination problems associated with those requirements, this approach impose additional responsibilities and duties on NCSPA. Some of these added duties would require additional staff and would unnecessarily duplicate capabilities in other agencies.

Another approach, which may also benefit other agencies, would be to revise selected laws and procedures to decentralize review and approval, thereby increasing flexibility and reducing delays. This might be effected by allowing agencies with qualified professional staff to manage all or part of the construction management process under the guidance and overview of the agency's governing Board.

Additionally, changes to procedures that must remain centralized can be formulated to allow for greater participation of the using agency. For example, revision of advertising procedures to allow continuous publication of designer advertisements on the Internet would more or less instantaneously make designer needs public and spread the workload of receiving and evaluating letters of interest. Letters of interest could also be acceptable in electronic forms. Presentations to the full Building Commission could be eliminated for all but the very largest projects and agencies would only have to report periodically on their selections, negotiations and contracts executed.

Further, changes to contract forms may prove helpful at all levels. Publication of standard contract language and material specifications in bound forms would allow their incorporation into contracts by reference, thereby reducing the paper load and insuring standard language in all contracts. Submittal of review documents and reports should be allowed via e-mail or other electronic means to reduce paper load and to speed transmission of data. Hard copy documents need only be provided in the case of signed contracts or reports requiring professional seals.

In general, State laws should allow the widest possible choice of contract forms for soliciting proposals and bids. Agencies with special requirements should be allowed the freedom to address those needs with the most appropriate tools. Perhaps legislation can be used to enable SCO to give a general, or special, delegation of authority to qualified agencies who maintain their qualifications and verify their performance via specified reporting and auditing procedures.

Rules and regulations governing reviews by state agencies and regulators should be coordinated to minimize confusion associated with multiple submissions. There could be one "gateway", or clearinghouse agency, designated to receive submissions and authorized to transmit review requests to the appropriate review agencies. The "gateway" agency should be required to acknowledge receipt of the requests and respond to the requesting agency with a schedule for completion of the review.

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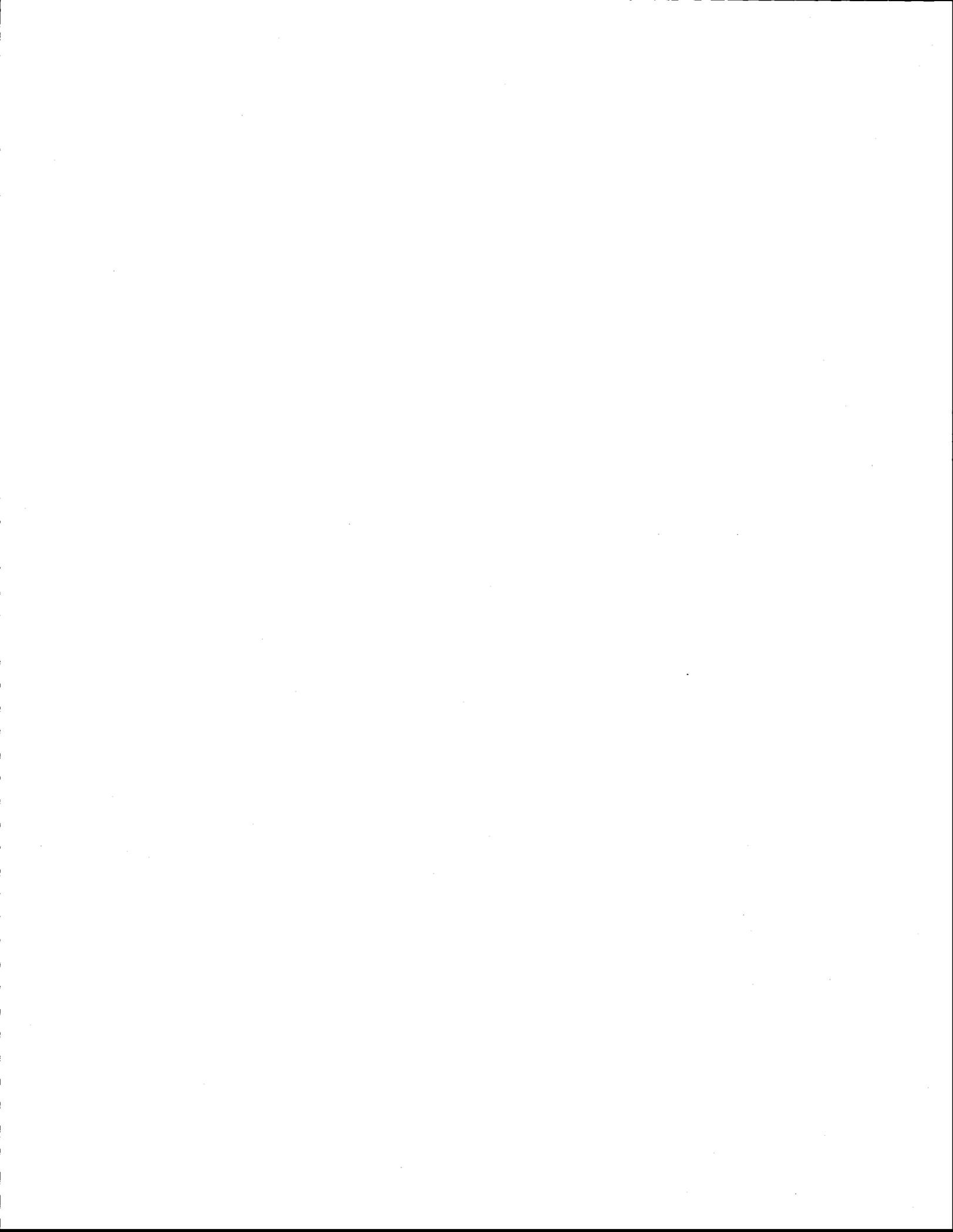
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Agencies filing long range plans and capital funding requirements with the Legislature should be given tentative funding schedules for planning purposes. Wherever possible, design funds should be released so that planning and design can proceed in an orderly manner. Appropriation bills for capital projects could require spacing of advertisements to relieve heavy workloads at the end of each legislative session.

Recommendation

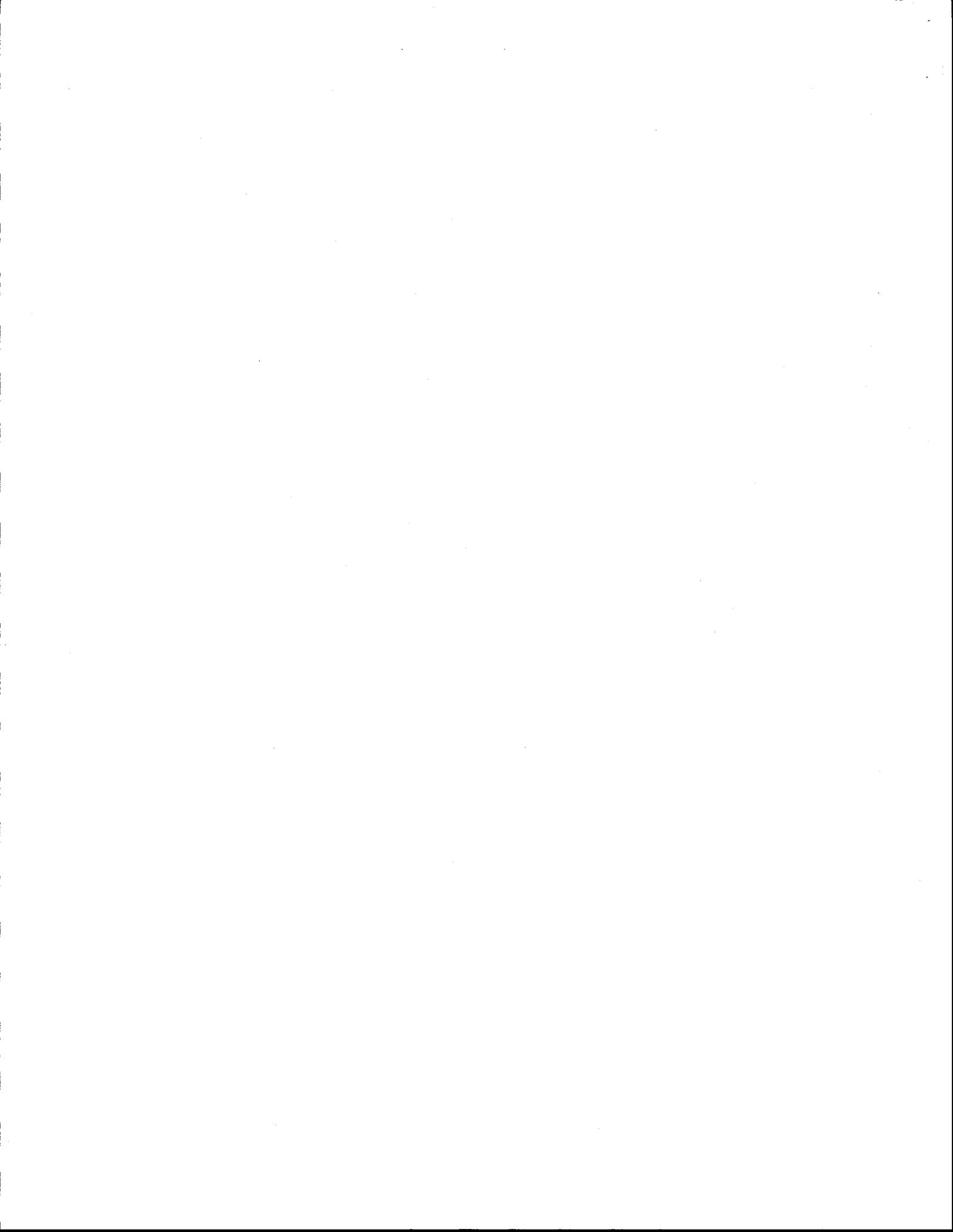
While it may be in the overall best interest of the citizens of North Carolina to have one set of procurement laws for all state agencies, it does not necessarily follow that all procurement functions must be centralized and actually approved by a select few officed in Raleigh. NCSPA recommends that management of construction projects for the State of North Carolina be decentralized to the extent practicable. Any enabling legislation and the resulting rules and procedures should include the following:

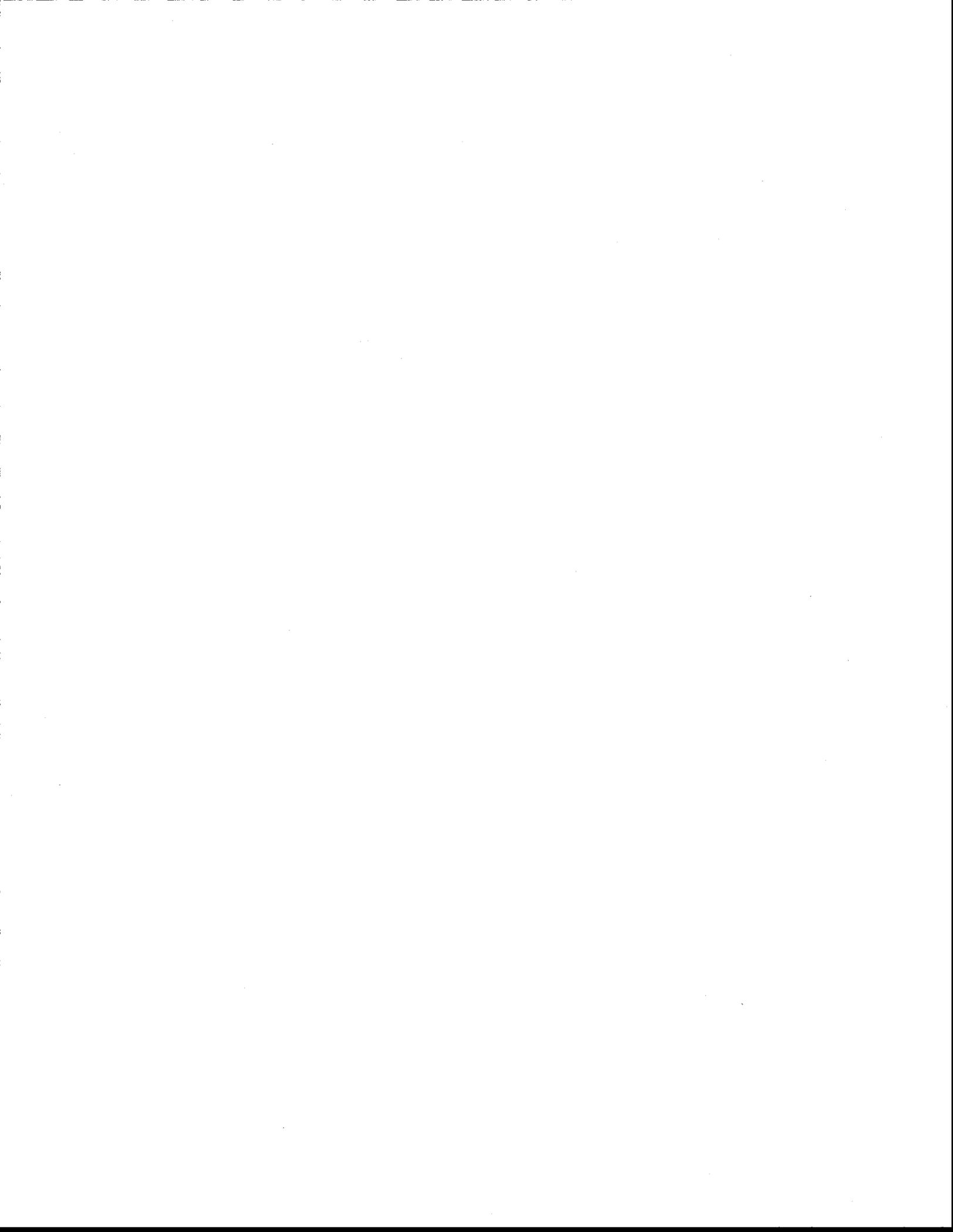
- Agencies with qualified, professional staff should be trained and authorized to select designers, negotiate and execute contracts directly. Audits should be used to verify compliance with state law and authorization could be withdrawn from agencies with substandard performance.
- Standard contract language should be published in hard bound form and incorporated by reference in locally prepared and executed contracts.
- Training for all project management staff, including consultants, should be part of the defined mission of the "gateway" agency designated to receive submittals.
- Regularly scheduled meetings or seminars, should be held to allow for continued training of CPC's and to allow feedback and discussion designed to further improve construction management in North Carolina.

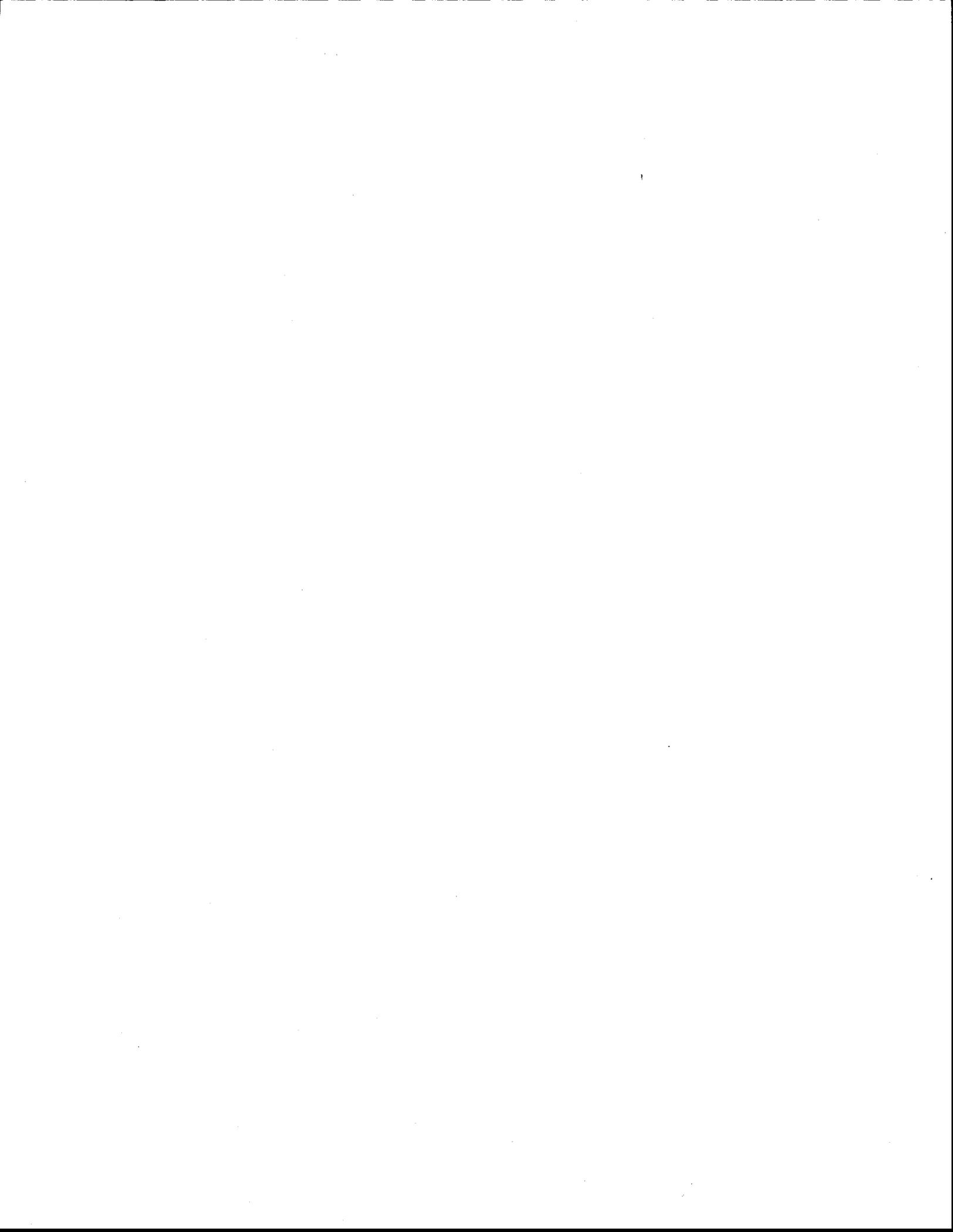
Closing

The Study Committee will receive many comments and suggestions as it goes about its business. The value of these suggestions will undoubtedly vary. Please address each suggestion and address the intent as well as the wording of the suggestion. Selecting the best of the recommendations and incorporating them into a coherent whole will surely result in improvements. It should also be noted that the improvement process cannot be limited to a one time study and fix. The results of the Committee should include some mechanism for continued review and improvement.

The NCSPA expresses appreciation for the opportunity to address the study committee. This study is both appropriate and timely. NCSPA desires to continue to be involved in the study's complete process, including legislative hearings on proposed legislation. NCSPA offers its support and assistance to the committee in reviewing any proposed legislation.







The Statistics:

**SCO Review Data
for**

Construction of State Facilities

EXHIBIT G

State Construction Office

03/18/98

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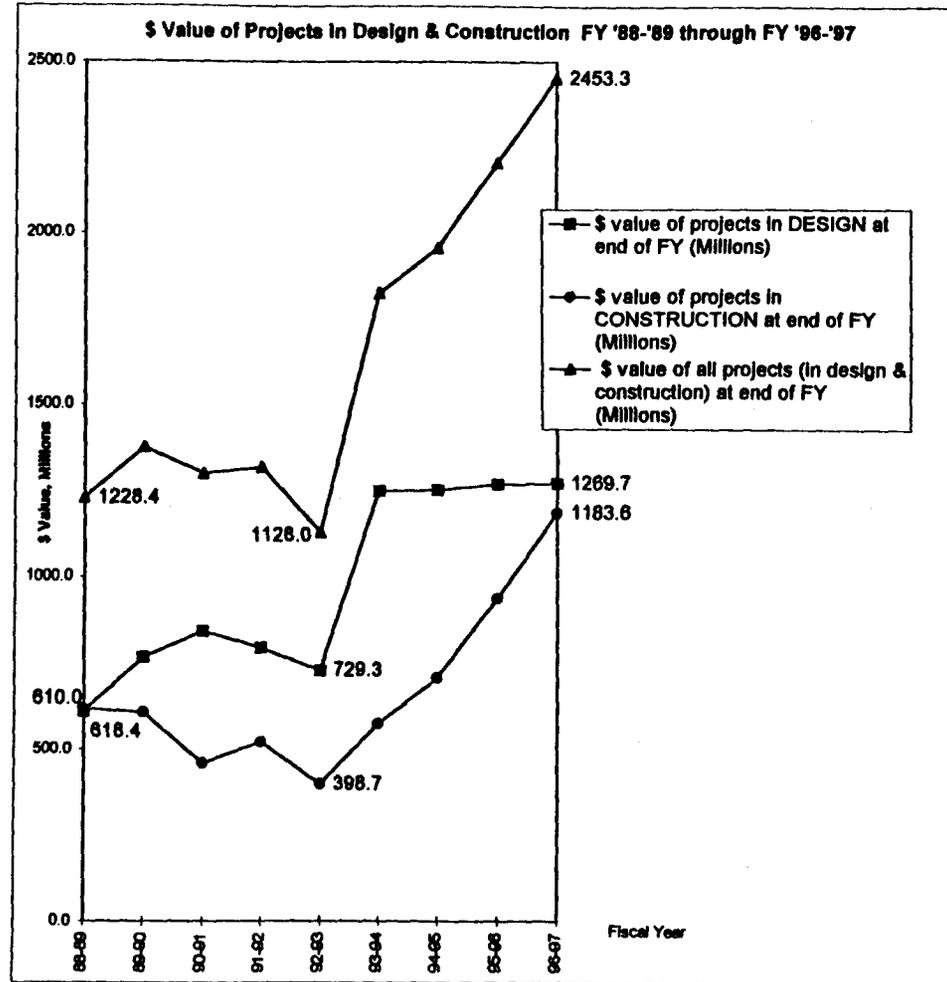
Data shows the dollar value of projects in design more than doubled between the end of FY '88-'89 and FY '96-'97.

FY	\$ Value of projects in design at end of FY	\$ Value of projects in construction at end of FY	\$ Value of all projects (in design & construction) at end of FY
88-89	\$ 810,001,154	\$ 818,357,050	\$ 1,228,358,204
89-90	\$ 768,882,991	\$ 807,551,751	\$ 1,374,434,742
90-91	\$ 841,686,764	\$ 457,372,949	\$ 1,299,039,713
91-92	\$ 794,705,398	\$ 521,809,168	\$ 1,318,314,562
92-93	\$ 729,273,016	\$ 398,684,890	\$ 1,127,957,906
93-94	\$ 1,248,662,232	\$ 575,176,754	\$ 1,823,838,986
94-95	\$ 1,250,864,301	\$ 706,974,195	\$ 1,957,838,496
95-96	\$ 1,267,653,946	\$ 937,732,788	\$ 2,205,386,734
96-97	\$ 1,269,707,910	\$ 1,183,627,514	\$ 2,453,335,424

YEAR TO DATE (not shown on graph)

97-98	\$ 1,375,428,639	\$ 1,084,333,742	\$ 2,459,760,381
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Presently, the value of design work for FY '97-'98 is 225% that of FY '88-'89 year end.



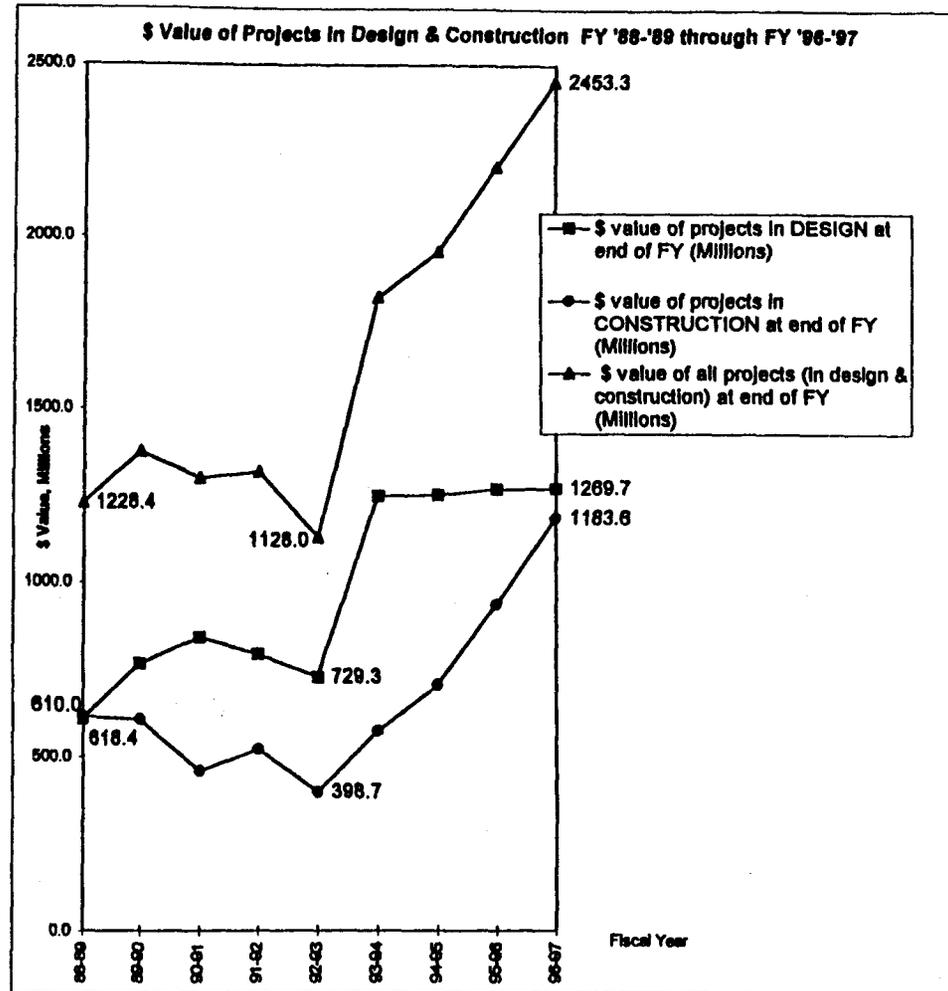
Data shows the dollar value of projects in design more than doubled in FY '96-'97.

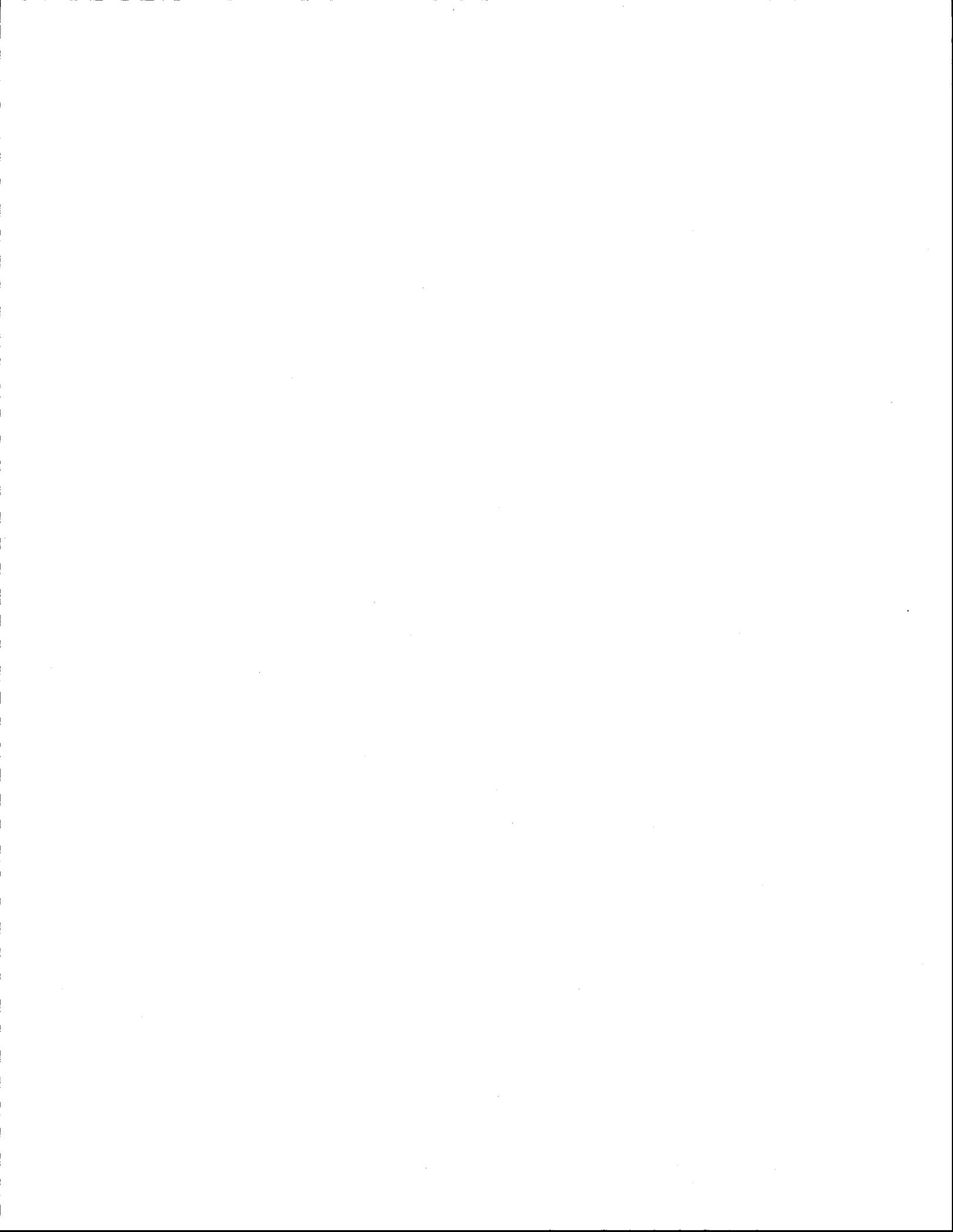
FY	\$ Value of projects in design at end of FY	\$ Value of projects in construction at end of FY	\$ Value of all projects (in design & construction) at end of FY
88-89	\$ 610,001,154	\$ 618,357,050	\$ 1,228,358,204
89-90	\$ 786,882,991	\$ 607,551,751	\$ 1,374,434,742
90-91	\$ 841,666,764	\$ 457,372,949	\$ 1,299,039,713
91-92	\$ 784,705,396	\$ 521,809,166	\$ 1,316,314,562
92-93	\$ 729,273,016	\$ 398,684,890	\$ 1,127,957,906
93-94	\$ 1,248,662,232	\$ 575,176,754	\$ 1,823,838,986
94-95	\$ 1,250,864,301	\$ 706,974,195	\$ 1,957,838,496
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Data shows the number of project submissions reviewed by the State Construction Office Design Review Section more than doubled between FY '91-'92 and FY '96-'97.

The number of submissions reviewed in FY '96-'97 is 150% greater than the number of submissions reviewed in FY'91-'92

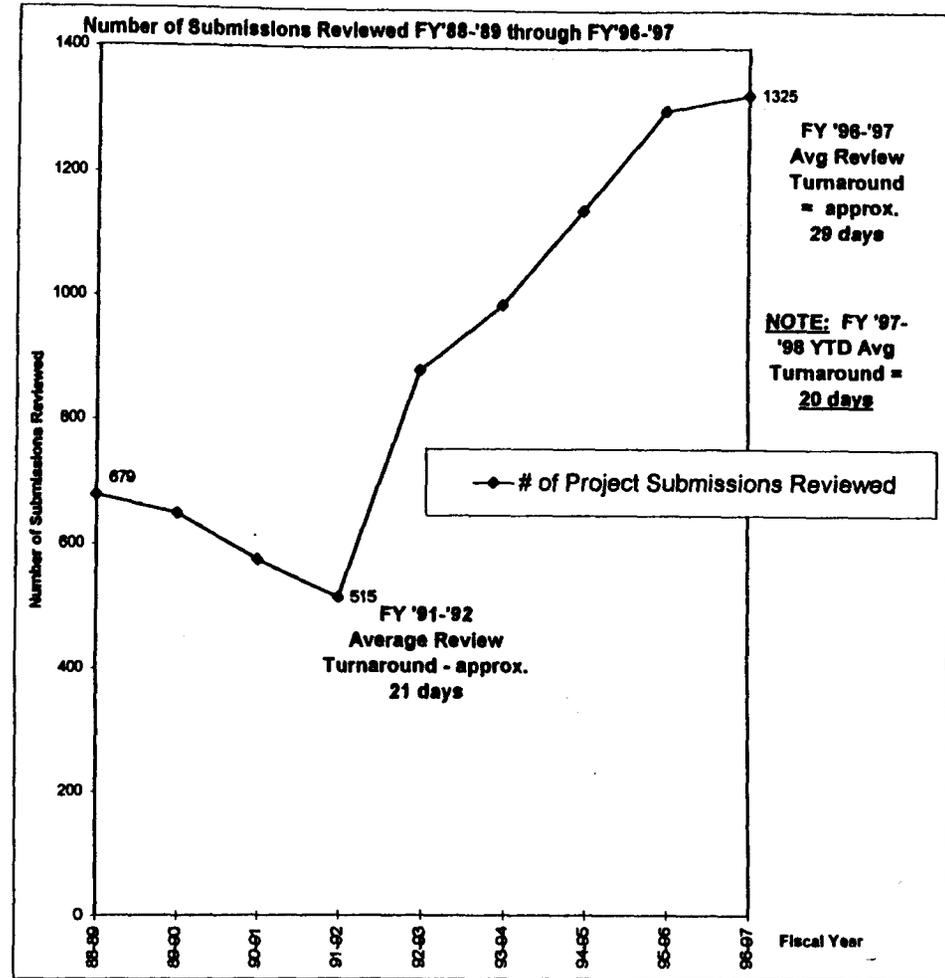
FY	# of Submissions Reviewed
88-89	679
89-90	650
90-91	575
91-92	515
92-93	881
93-94	987
94-95	1140
95-96	1301
96-97	1325

YEAR TO DATE (not shown on graph)

97-98	727
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FY '97-'98 Year to Date Average Turnaround = 20 days

Turnaround for FY '91-'92 taken from log sheets
 Turnaround for FY '96-'97 taken from data collection forms
 All other data is taken from monthly reports



Since prior to FY '88-'89, staffing levels in the Design Review Section have remained approximately the same.

FY	# of plan reviewers per FY
88-89	10.2
89-90	10.2
90-91	9.4
91-92	9.5
92-93	10.3
93-94	11.2
94-95	10.1
95-96	9.4
96-97	9.5

YEAR TO DATE (not shown on graph)

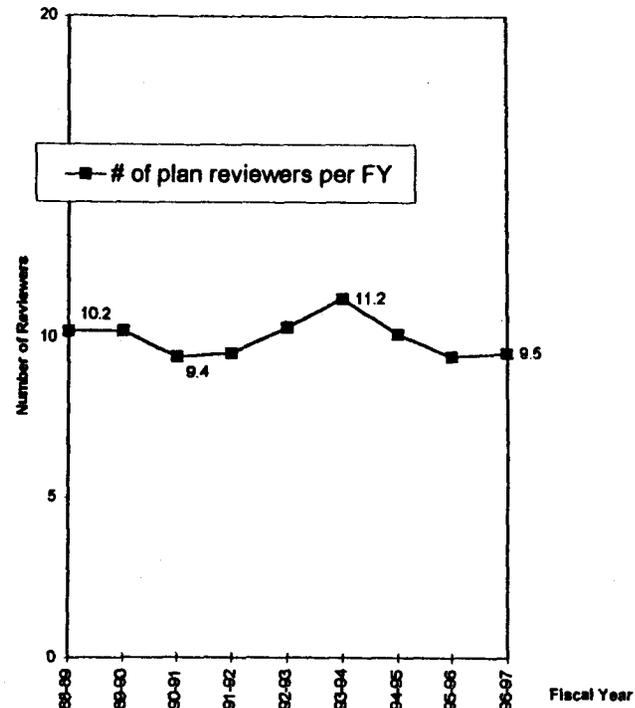
97-98	10.8
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Professional Review Staff Consists of:

- 2 Architects
- 3 Civil/Structural Engineers
- 3 Mechanical Engineers
- 3 Electrical Engineers

2 Administrative (not included in figures above)

Design Review Section Staffing Levels for FY '88-'89 through FY'96-'97



G-4

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FY	# of plan reviewers per FY
88-89	10.2
89-90	10.2
90-91	9.4
91-92	9.5
92-93	10.3
93-94	11.2
94-95	10.1
95-96	9.4
96-97	9.5

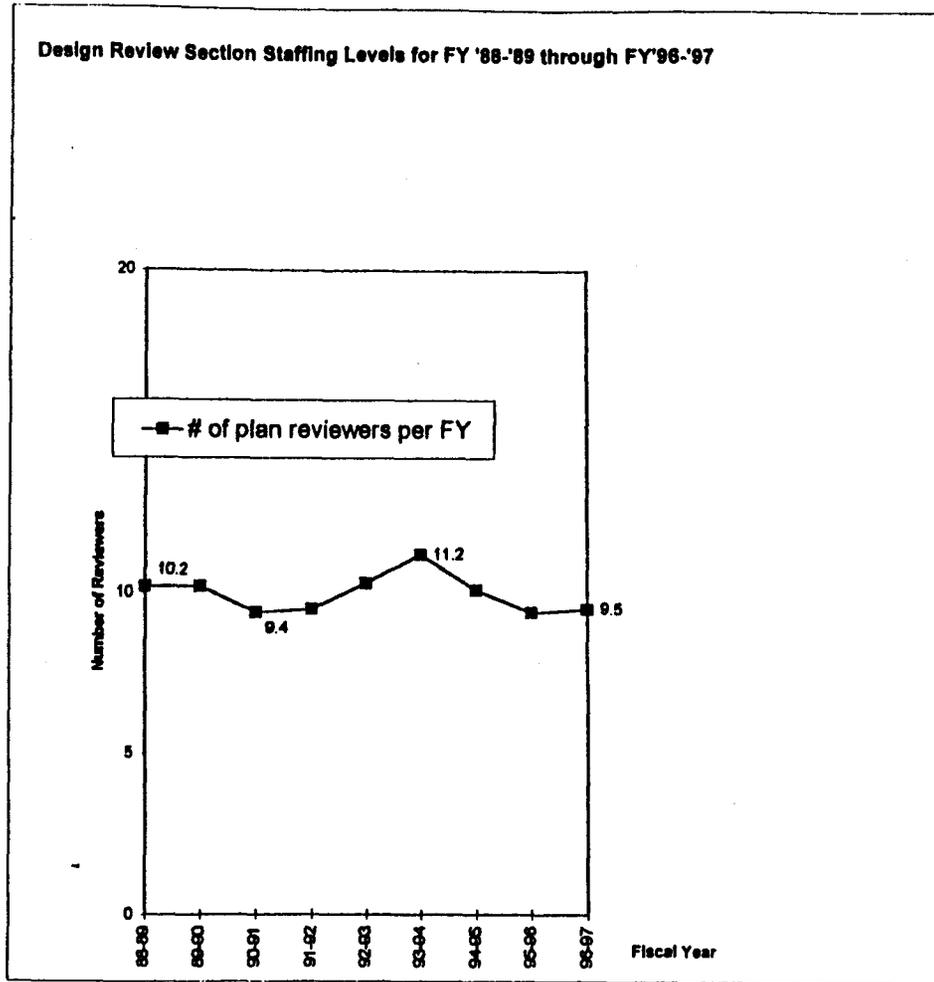
YEAR TO DATE (not shown on graph)	
97-98	10.8

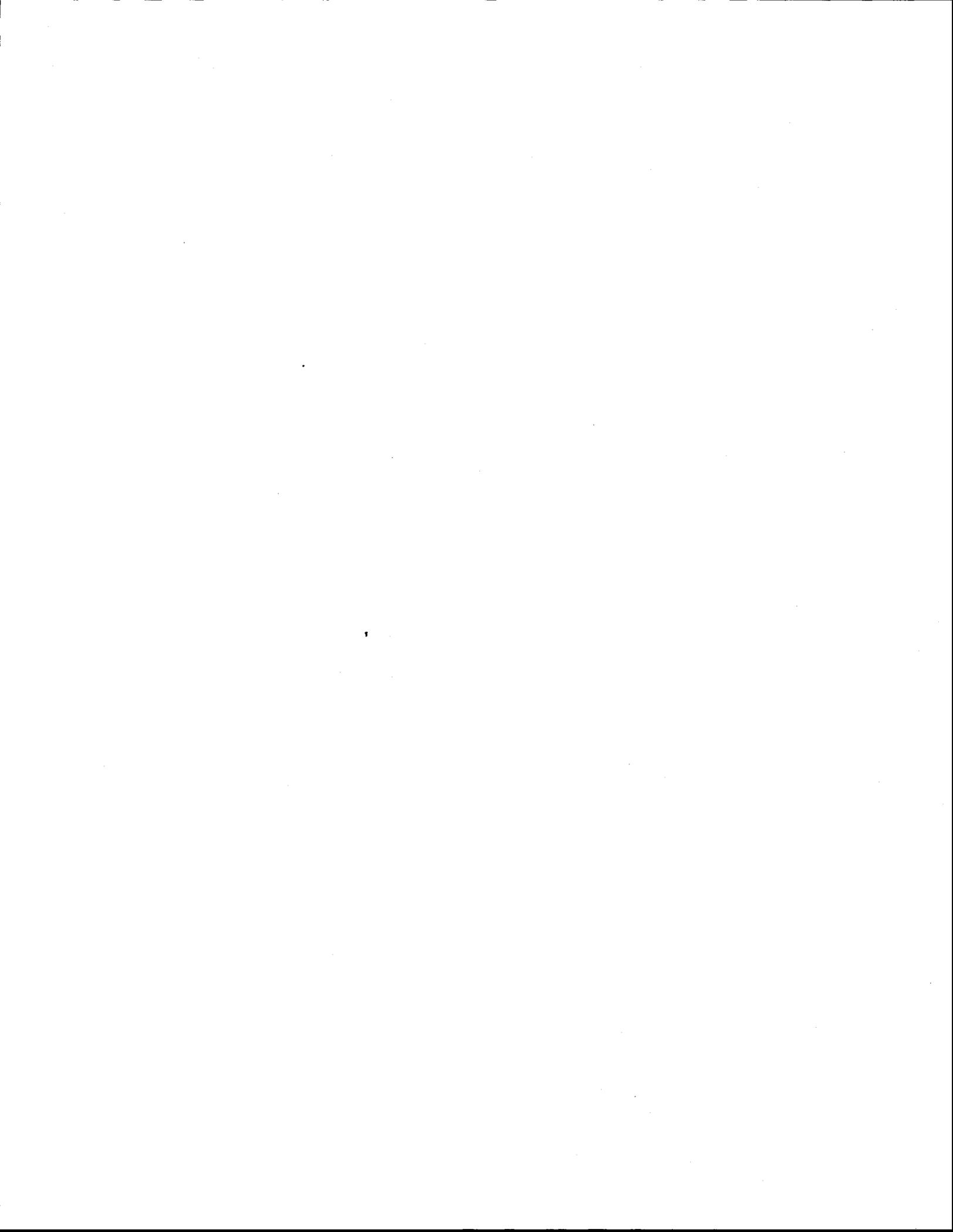
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G-4





Qualifications of Review Staff

All technical employees in the Design Review Section of the State Construction Office hold registration as either Registered Architects or Professional Engineers in the State of North Carolina. All employees of the Section have worked as designers in the private sector prior to joining the State, with one exception.

Duties and responsibilities of the Architects and Building Systems Engineers in the Design Review Section include the review and approval of construction documents with regard to various standards and criteria to ensure: designs provide for economical construction, operation and maintenance; are contractually consistent, accurate and clear; and are consistent with the intent of Legislative Capital Improvement appropriations or other funding. The Design Review Section reviews projects for compliance with the portions of the Building Codes not covered by NC Department of Insurance reviews.

The senior-most Architect, Mechanical and Electrical Engineers in the Section are "code certified," and hold Level III Standard Certificates issued by the North Carolina Department of Insurance. Additionally, the Assistant Director heading the Design Review Section is a registered Structural Engineer, sits on the Building Code Council, and is also Level III "code certified."

Current Information Systems

The current State Construction Office computer and information systems were developed in the late 1980's, and can be described as an IBM mainframe-based (CICS) transaction processing and transaction management application.

The State Construction Office is currently developing a customized web application incorporating information and work flow management. This new system, scheduled to become fully operational for public use in July 1999 will allow internal and external customers to track projects on a continuous basis.

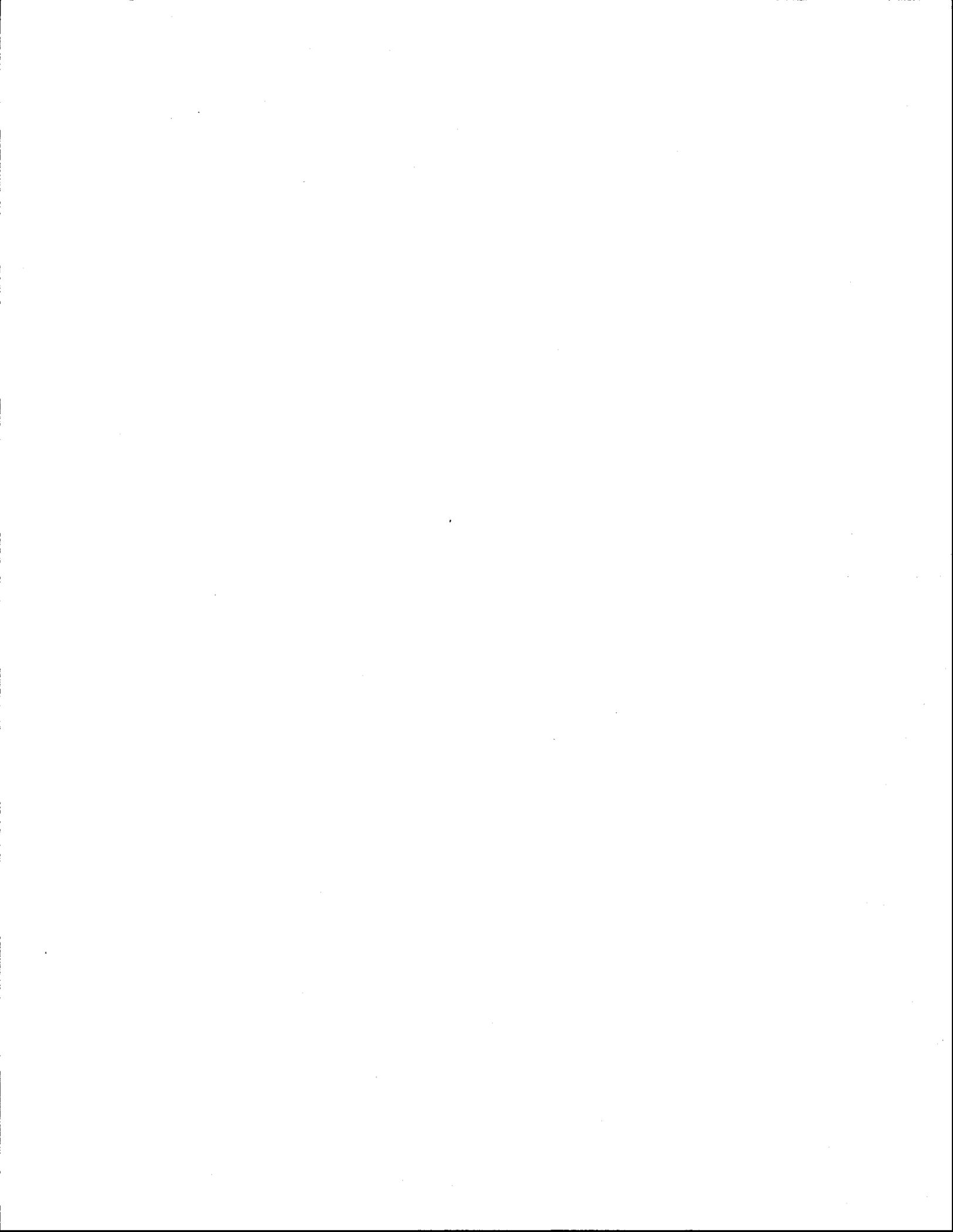
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G-6





DEPARTMENT OF INSURANCE
State of North Carolina

P. O. Box 26387
 RALEIGH, N. C. 27611-6387

JIM LONG
 COMMISSIONER OF INSURANCE

STATE PROPERTY FIRE FUND DIVISION
 (919) 733-3901

**PRESENTATION TO THE LEGISLATIVE RESEARCH COMMISSION
 STATE CONSTRUCTION COMMITTEE
 18 MARCH 1998**

**THE ROLE OF THE DEPARTMENT OF INSURANCE
 IN THE STATE CONSTRUCTION PROCESS**

In order to fully understand our Department's role in the State construction process it's helpful to first have an overview of the Fire Fund and its mission.....

For more than 50 years the State has been self-insured for fire, lightning, windstorm, and other perils by the State Property Fire Insurance Fund. This has saved countless millions of dollars that would otherwise have been spent on commercial insurance premiums. State facilities that are General Funded never pay a penny for basic fire and lightning insurance, for the life of the building. Special Fund facilities pay for this coverage, but are charged only about one-half the commercial rate. The State's inventory is approximately 13,000 buildings, valued at more than \$11 billion.

To protect the State against catastrophic loss, either from a single major disaster or a number of substantial losses in a given year, we reinsure by procuring what is called "excess" coverage. Our present excess carrier is Industrial Risk Insurers (IRI). With this protection in place the Fund is protected against insolvency but our retention is still at least \$1.1 million per occurrence, with IRI being responsible for paying the balance of covered losses exceeding the retention.

Both the cost of obtaining this reinsurance and the amount of losses paid by the Fund are affected by the degree to which State buildings are protected against fire and other perils. The Building Code is the cornerstone of protection but it's important to realize that the Code is a "minimum" standard, the least you can legally do. It does not always represent a prudent level of protection for the building and its occupants, especially for an entity which is self-insured. In fact, the main priority and purpose of the Code is life safety, not protection of the building. Building Code requirements are intended primarily to reduce the chance of multiple loss of life, and to prevent collateral damage to other nearby property such as could result from a conflagration, or a roof blowing off.

Unlike the typical commercial building, most facilities constructed by the State will be in use for 50 to 100 years, increasing the potential value of any built-in protection. History shows us that Codes are periodically re-appraised...and weaknesses addressed...after major disasters such as the fire at Hamlet. Just 25 years ago you could have legally built a 100 story building without sprinklers! For these reasons we also apply appropriate insurability criteria to the design of State-owned buildings, criteria which we believe to be both prudent and cost-effective in helping to prevent losses and the resulting disruption of essential services.

A summary of our plan review mission is given by Attachment A, which appears at the end of this handout. It shows the loss prevention and life safety focus of our involvement in the process. It also demonstrates that Department of Insurance plan reviews do not duplicate the work of the State Construction Office, which has different...but nonetheless important...purposes.



**PRESENTATION TO THE LEGISLATIVE RESEARCH COMMISSION
STATE CONSTRUCTION COMMITTEE
18 MARCH 1998 — PAGE 2**

The following information is being provided in response to general questions from the LRC Staff. We'll be glad to discuss any aspect of our mission and how it's accomplished, at the conclusion of this brief presentation.

Turn-Around Time:

Our plan review turn-around goal is to average 3 weeks and we consistently achieve that or better. Plans are normally done on a first in - first out (FIFO) basis, but we make exceptions for emergencies. We encourage facility managers and designers to call or meet with us to discuss their projects in the concept stage, even before the OC-25's are prepared. Such early planning can save time by helping to get the project started off right.

Procedures and Standards for Project Submission and Review:

Except for UNC System projects under \$500,000, the State Construction Office (SCO) acts as the clearinghouse and coordinator for needed project reviews by other agencies, including the Department of Insurance (DoI). The procedures for designers to follow are contained in the State Construction Manual ("Blue Book").

DoI has had documented performance requirements on fire protection and life safety systems in building for as long as 20 years. They are based on extensive field experience that has identified what design features make these systems reliable, and maintainable. These requirements have been widely distributed at meetings and conferences, in addition to being mailed out to designers, and will soon be posted on DoI's Internet web site. Our general design criteria, including such topics as when sprinklers are needed, are reviewed and updated periodically. They will be made part of a new booklet for those who plan and design State facilities, to be presented May 6th at the Annual State Construction Conference.

Historical Staffing Levels, by Discipline:

For the past 10 years we've had a total of 5 professionals who review construction plans as indicated on Attachment A, and who also act as consultants on the Code and referenced Standards (principally the National Fire Codes). In addition to plan review, their duties include assisting facility managers with building assessment, identifying alternative ways to address Code deficiencies in existing buildings, and helping designers to understand complex Code issues. Three of them focus primarily on general construction review, and the remaining two on building fire protection and emergency systems.

Employee Qualifications:

All 5 are graduates in engineering (4) or architecture (1), and their combined experience is well over 100 years. All are certified by the Code Officials Qualification Board as Level III Code enforcement officials in their respective fields. (Level III is the highest designation).

Resource Allocation:

The State Property Fire Insurance Fund is self-supporting, receiving no appropriation from the General Fund. It consists of three distinct work groups having approximately the same size. They are: (1) Insurance Underwriting, Billing, and Claims, (2) Plan Review and Code Consulting, and (3) Fire and Life Safety Inspection. The loss prevention efforts of (2) and (3) are essential to the continued success of the Fire Fund.

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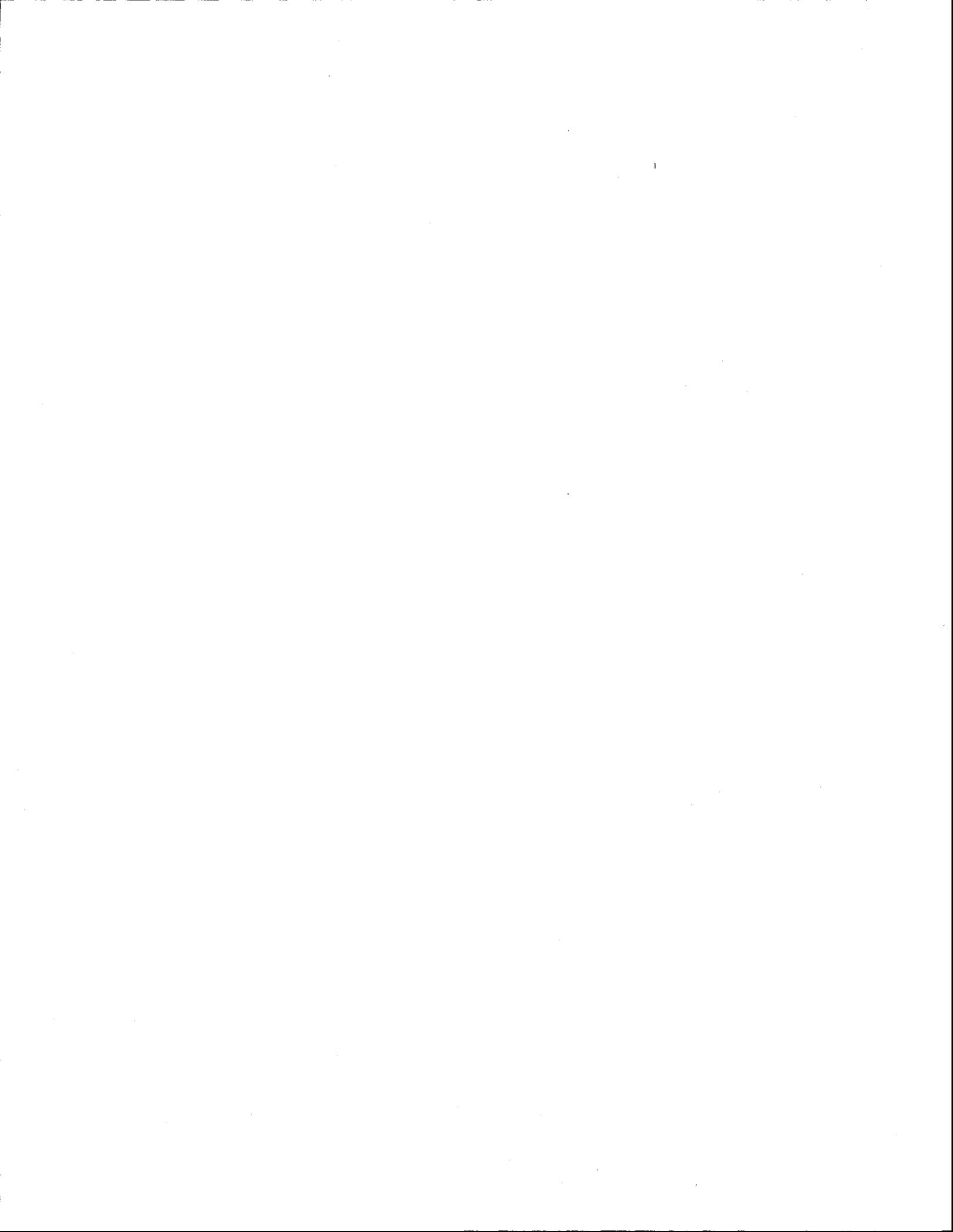
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Historic Workloads:

Our plan review load is typically between 130 and 150 projects per month. We see all that the State Construction Office does, plus small buildings modifications with Code impact, and all of the UNC System projects that now bypass them as a result of legislation passed in the last session. We do not track the dollar value of projects but the SCO has data on that. They indicate projects underway totaling nearly \$2.5 billion, with about \$1.4 billion of that amount being in the design stage and the remainder under construction.

Staff Training:

Our Department places a very high priority on staff training, development, and continuing education. The relatively low costs directly attributed to these activities in the budget are misleading since many of the professional development activities are either no cost or very low cost, as far as seminar/course registration fees are concerned. This is particularly true for professional society meetings, Community College courses, and for Code seminars sponsored by the various building/electrical/mechanical inspection associations. The cost of such training may consist of travel only, and not separately identified. Also, we take frequent advantage of free industry-sponsored seminars and trade shows on the latest developments in construction materials and techniques. We believe continuing education is absolutely essential for our long term effectiveness. Since January of 1997 our 5 plan review staff professionals have had a total of more than 600 hours of technical training.

Information, Computer, and Communications Systems:

Our Division has solid computer and communications resources and we make extensive use of them. Project reviews are tracked via a PC data base which permits us to determine their status at any time, as well as to run summary reports. Our insured asset data base, used for building statistics including replacement values and insurance coverages, is LAN based. It was developed for us using Microsoft's FoxPro software. We're in the process of equipping our field staff with PC's. They already make efficient use of FAX machines, alpha-numeric pagers, and cell phones. Without these resources we could not handle the workload, much less provide the needed level of service, with our present small staff.

SOME PROBLEMS AND RECOMMENDED SOLUTIONS:

Problem (1)

We see a steady, continuing decline in the quality of plans submitted to us for review by architects and engineers of all disciplines. Part of this trend is perhaps the inevitable result of building systems being much more complex than they were in the past. And of course Building Codes and Standards have reflected this, by also becoming much more complex and comprehensive. But the main ingredients seem to be a breakdown of the apprentice system which produced previous generations of designers, and the booming economy in our State, which has strained the resources of the design community. With few exceptions, the plans we're seeing today contain more fundamental violations of basic Building Code requirements, as well as other problems. This is having an impact on both the schedule and the cost of State construction projects.

Recommendation: The designer performance rating system recently developed by the State Construction Office should be used to the fullest extent possible, to encourage higher levels of professionalism on State projects.

Problem (2)

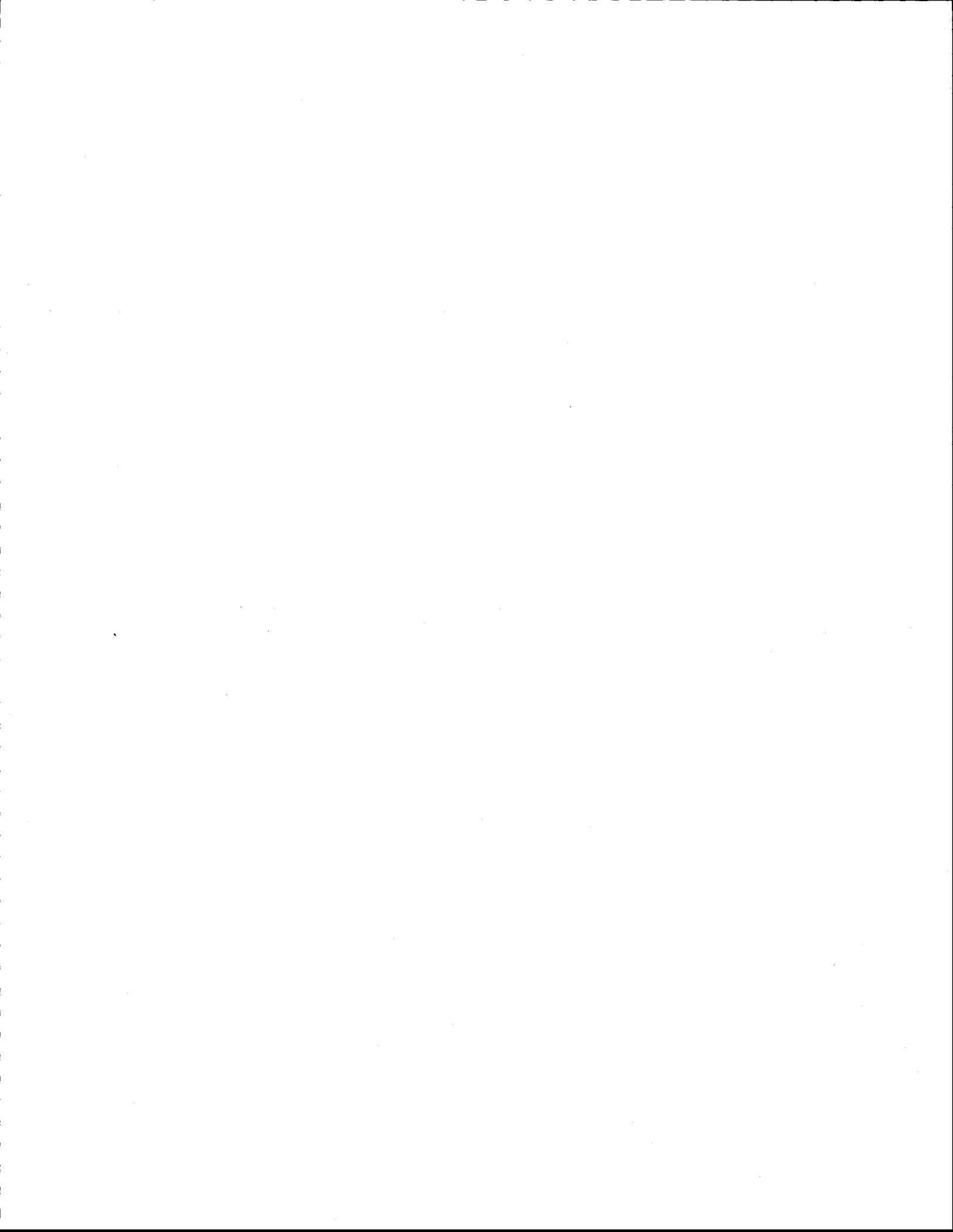
The project time line data developed by the State Construction Office and presented at the initial meeting of this Committee clearly indicated that much time is being lost between the conception of projects and when they are bid. The multi-step designer selection process is laborious and time-consuming. Considerable delay also appears to be the result of owners not having a clear vision of their projects, changes in signals to designers, and uncertainties about project scope and what can be accomplished within the budget allocation. While the clock is ticking, costs inevitably rise due to inflation, changes in construction demand, and/or design changes requested by the owner.

Recommendation: Owners need more guidance at the project formulation stage, preferably from architects with solid construction experience. Designers selected for projects need to be more assertive in keeping things focused and on track. Contracts with designers may need more about adhering to the planned time line (perhaps including some incentives).

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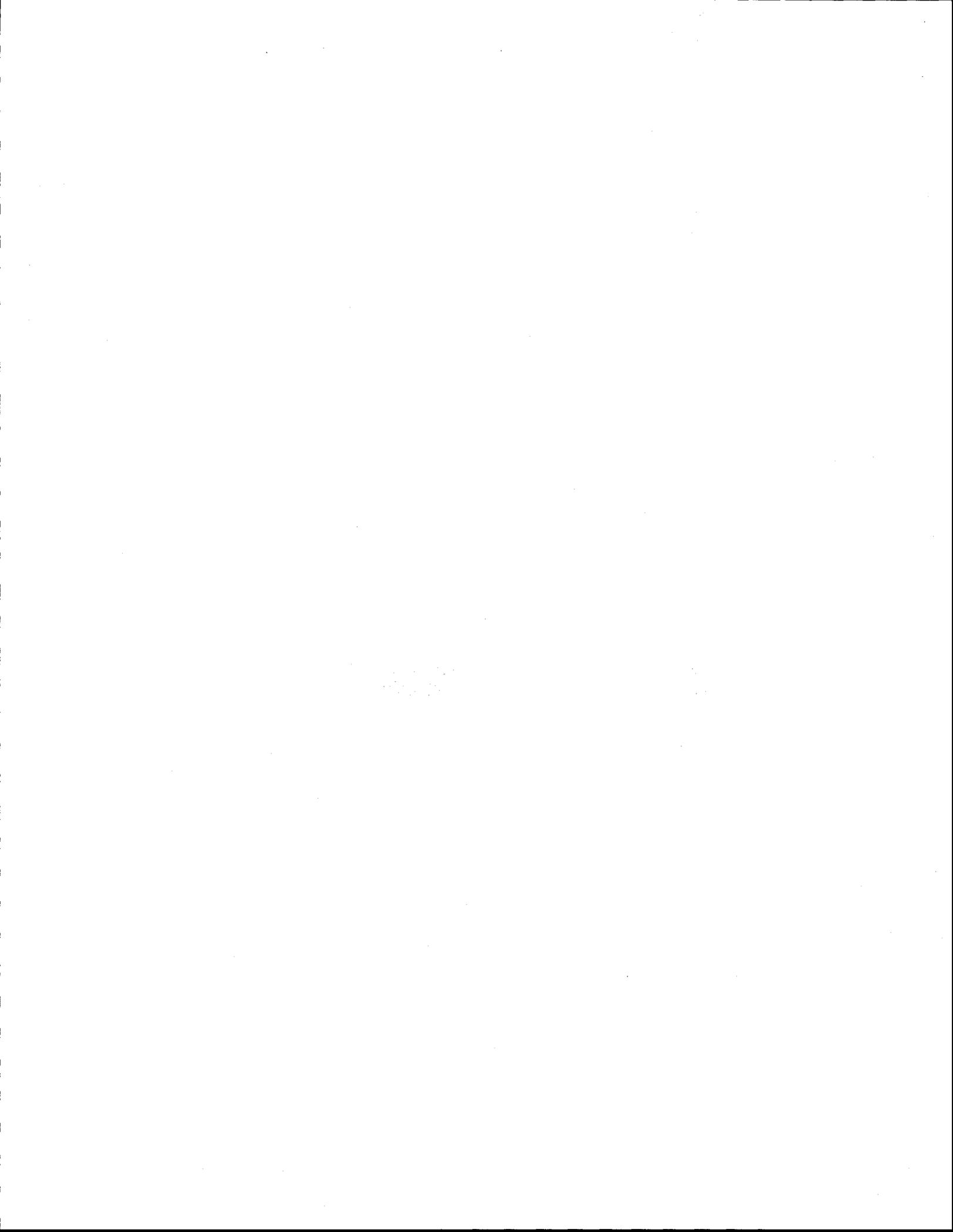
**ATTACHMENT A
SUMMARY OF DEPARTMENT OF INSURANCE PLAN REVIEWS**

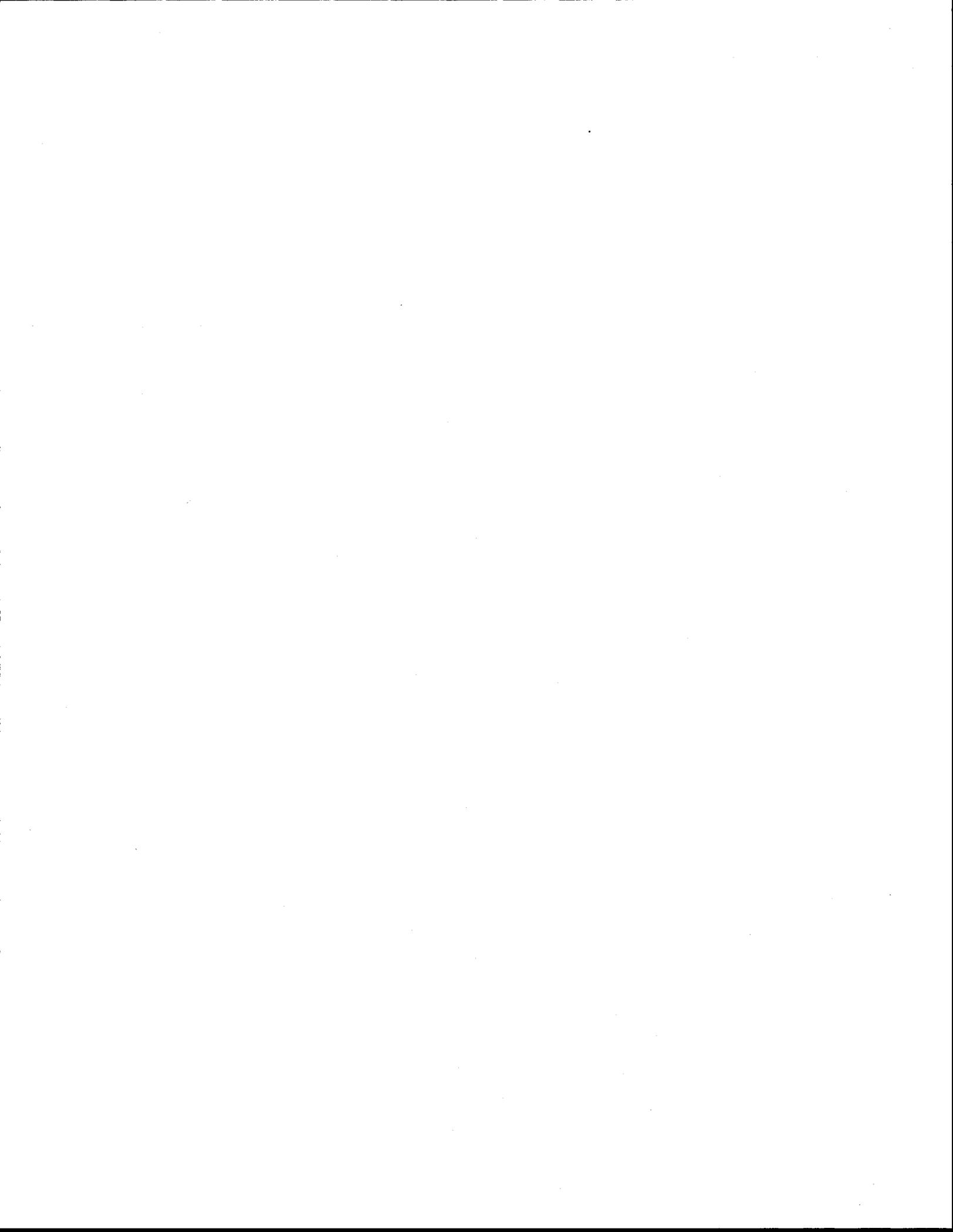
NC Building Code Compliance:

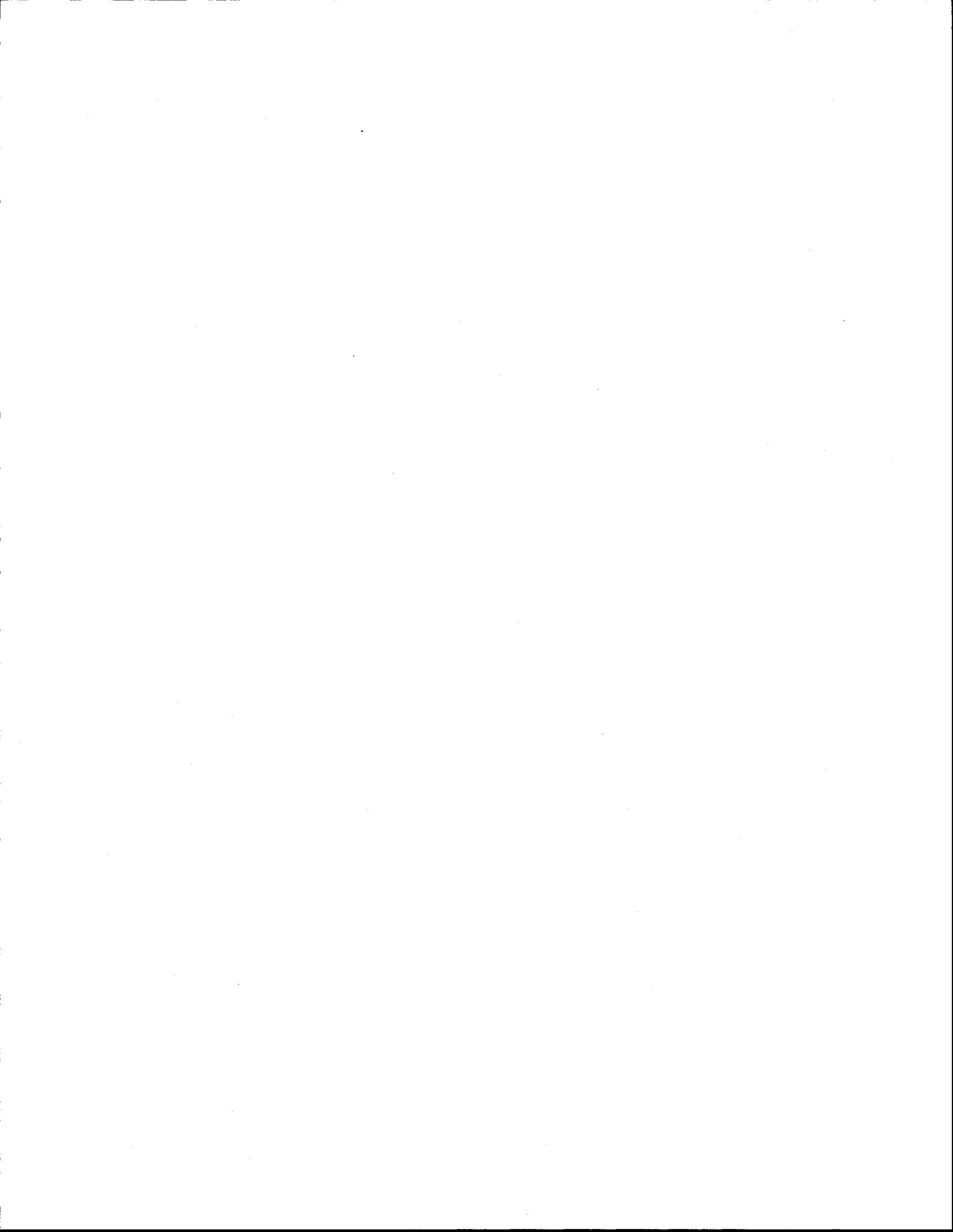
- Volume I-A Administration
- Volume I-C Accessibility, including advisory ADA Review
- Volume I General Construction (*excluding* Structural Review), emphasizing:
 - Special Occupancy Classification Requirements
 - Means of Egress and Other Life Safety Issues
 - Inherent Fire Resistance of the Building
 - Compliance with Limits for Type of Construction
 - Potential Fire Exposures, Including Other Structures
 - Code Required Fire Protection Features and Systems
- Volume II Plumbing
 - Minimum Facilities and Penetration Protection Systems
 - Sprinkler Specifications and Standards
- Volume III Mechanical
 - General and Special Occupancy requirements for HVAC and exhaust systems
 - Effect of system layout on fire/smoke partitions, sealing of penetrations, etc.
- Volume IV Electrical
 - Selective electrical systems review (Hazardous/Special Use areas, High voltage)
 - Emergency lighting and EXIT directional signs
- Volume V Fire Prevention
 - Review of renovation plans to verify existing Code deficiencies are addressed
- Volume VII Residential
 - Review of State-owned one and two family dwelling projects
- Volume IX Existing Buildings
 - Review of plans for adapting/renovating existing structures, with emphasis on unique problems associated with the State's large inventory of historic buildings

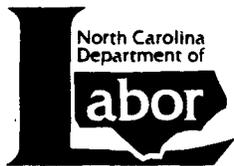
Insurability Requirements Compliance..... as applicable for the building size, type of construction, occupancy (use), and contents:

- Sprinklers and/or other Fire Suppression Systems
- Fire Detection and Alarm System with Off-Premises Notification
- Smoke Control Measures as Required by Codes and Standards
- Hazardous Materials and Operations Safeguards (HAZMAT)
- Windstorm Resistance (Particularly Roofing Design Criteria)
- Verify Fire Protection and Emergency Systems Compliance with DoI Performance Criteria.









Harry E. Payne, Jr.
Commissioner

Henry C. Madenspacher
Bureau Chief

Elevator and Amusement Device Bureau
4 West Edenton Street
Raleigh, NC 27601-1092

(919) 733-7394 or
1-800-LABOR-NC
Fax: (919) 662-3588

To: Representative William M. Ives, Cochair
Mr. James Boniface, Cochair

From: H.E. Godwin, Jr.
N.C. Department of Labor
Elevator Bureau

Re: LRC/ State Construction Review Date

Date: March 17, 1998

It was a pleasure to receive your letter concerning the State Construction review process, and the request for information.

In September 1980 DOL first entered into this review process when elevators, escalators and related equipment were installed and/or altered in state owned buildings. As the one individual who performs these reviews, I have seen the number of projects involving elevators nearly double, from eighty projects, in which we thought were *booming times*, to one hundred and fifty projects which is now a reality.

Unfortunately, I can only speak for the Department of Labor, Elevator Bureau as to what we have done to streamline the process and make it more efficient and cost effective.

We have developed design criteria (see attached) for **Hydraulic and Electric Traction Elevators**. This criteria, for most new projects, contains the technical specifications which only have to be *fine tuned* for the specific application. In addition, we have a form letter, which contains pertinent national and state elevator code requirements. This is very helpful to the various design disciplines in developing the project. As a result, we're off to a good start with much of the elevator design information available during the early design phase of the project.

There is a major factor that drives the *quality and accuracy of the elevator reviews*. It could be called "motivation by exposure." Employed by the DOL are twenty-five elevator inspectors, with all of the national and state codes either in their heads, or contained in books located in the back seat of their car. When the elevator inspection time arrives and a design error has been made, you've been found! Fortunately, we have had an excellent record for the past seventeen years.

The data as requested in your letter, for evaluation is as follows:

- *Average time it takes your agency to review a project*

We are fairly consistent in responding within 5-7 working days at each review phase.

- *Current procedures and standards for submission and review of projects, and where those standards are contained*

Procedures and standards are outlined on the national and state codes. They are referenced in the reviews and readily available.

- *Historical staffing levels, by discipline*

One position funded in 1980.

- *Employee qualifications (job description) and performance*

Job description requires a minimum of ten years elevator engineering and field experience, with a degree in engineering and/or equal experience.

- *Resource allocation*

One position to perform reviews with access to secretarial staff. Funds are provided for travel to various project, office equipment, etc.

- *Historical workloads (projects and value)*

Mid to late 1980's	80 elevator projects
Value of State Construction Projects	\$1.25 billion
Present	150 elevator projects
Value of State Construction Projects	\$2.5 billion

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- *Staff training budget and procedures*

Department of Labor supports membership on national elevator code committee including quarterly meetings, and annual workshops provided by the National Association of Elevator Safety Authorities.

- *Current information, computer, and communication systems*

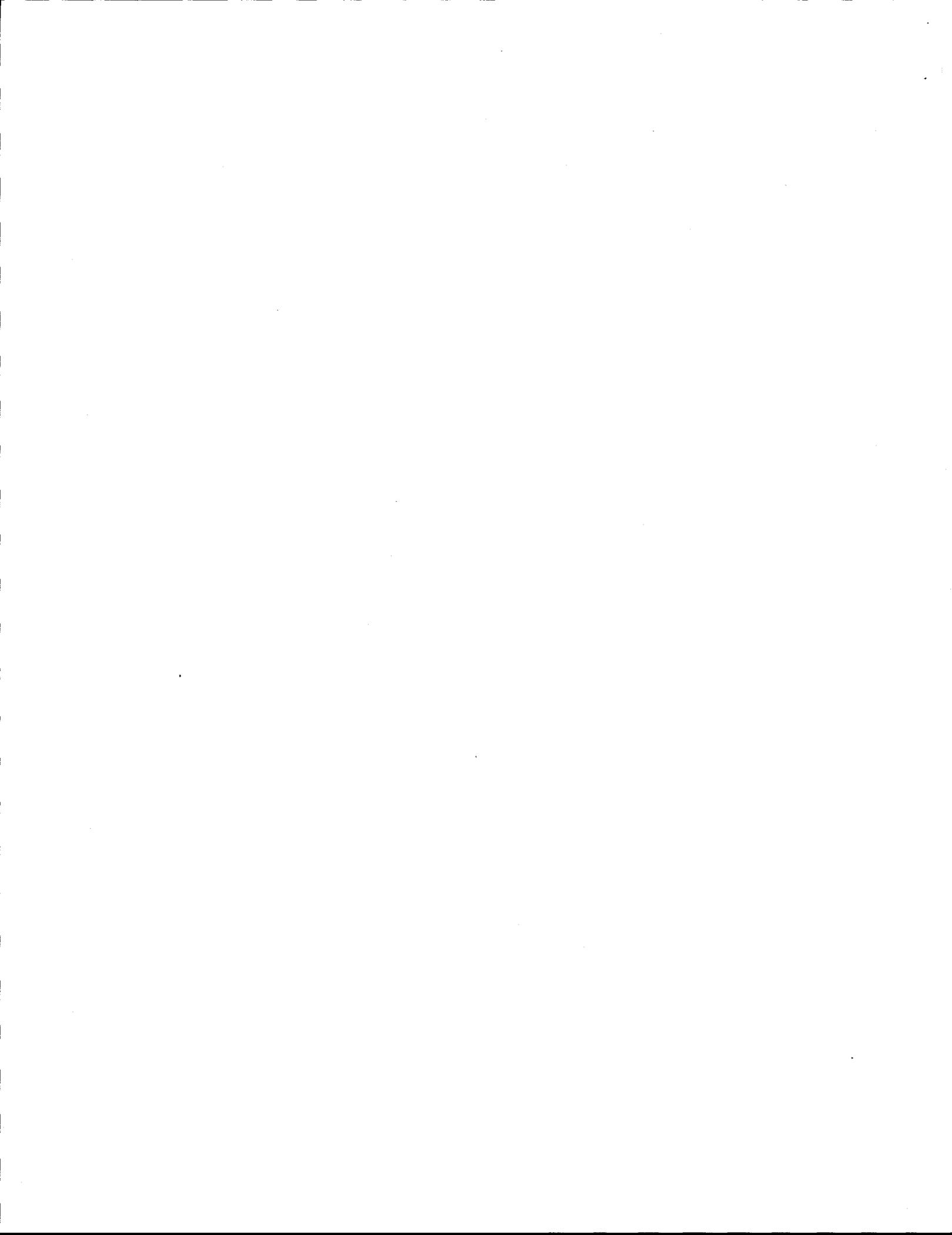
Department of Labor publishes a design criteria for Hydraulic and Electric Traction Elevators - Information is available on computer disc and by E-mail.

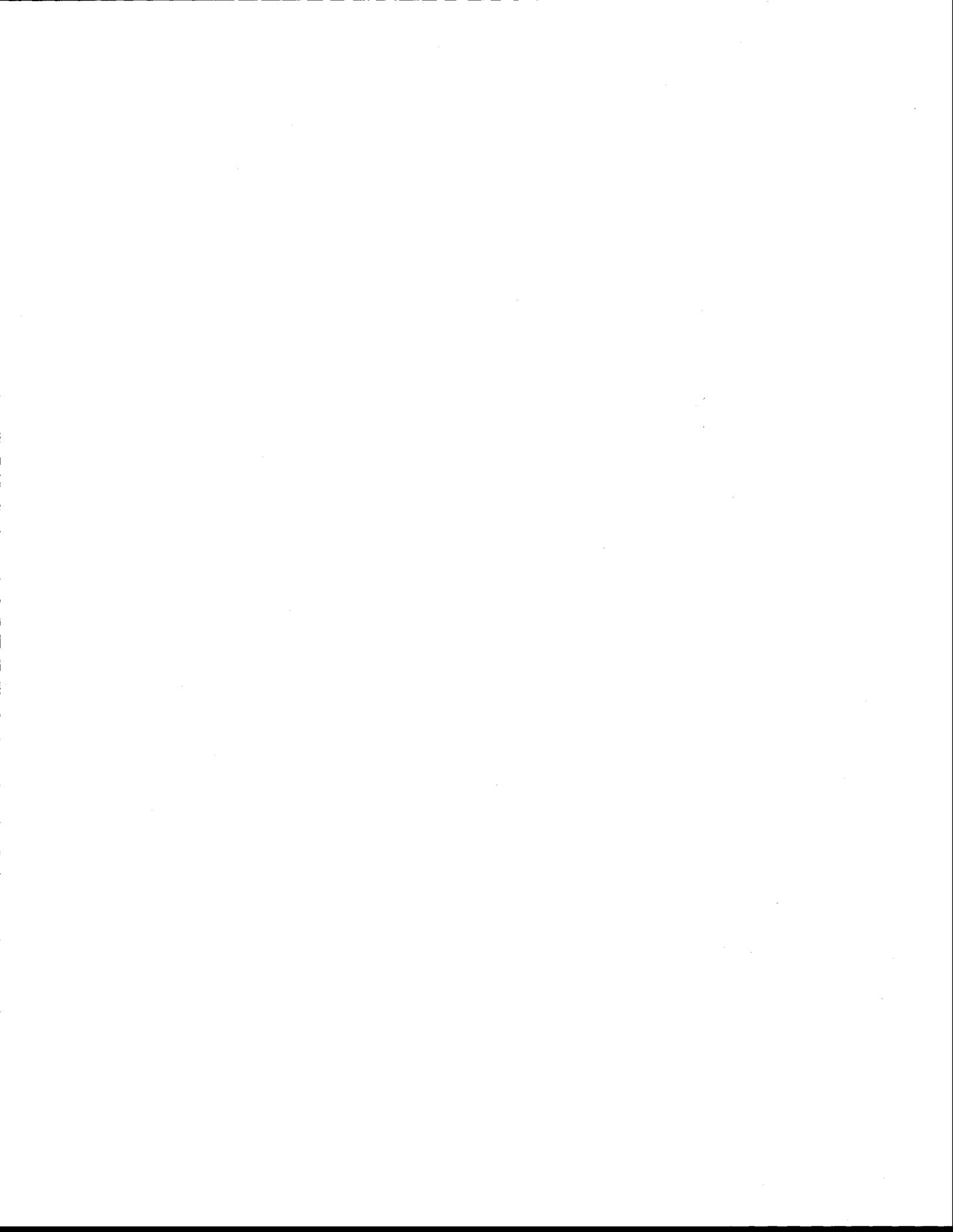
- *Current space requirements*

Approximately 400 square feet, which includes desk, drafting table, computer and plan holder for 80 projects.

We hope this will help you in your evaluation. Should you need any further information, please do not hesitate or contact this office.







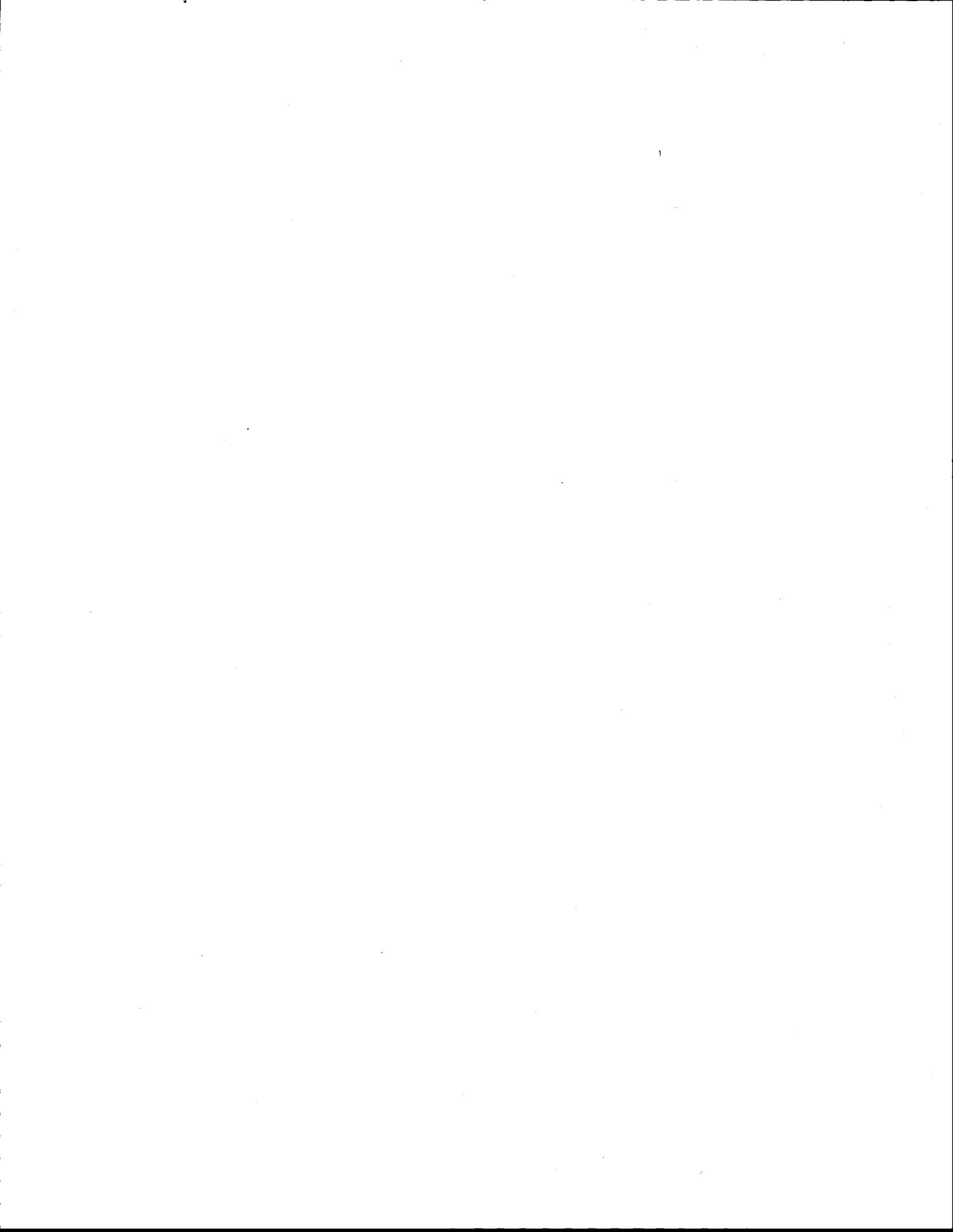


EXHIBIT J**DIVISION OF PARKS AND RECREATION**

March 16, 1998

**Position Paper
for****Legislative Research Commission
Committee on State Construction**

During the past ten years the Division of Parks and Recreation has experienced a significant growth in its Capital Improvements Program. Prior to 1993 the Division's capital budget ranged from zero to two million dollars a year. In 1993, the General Assembly authorized a Bond Referendum that generated almost 25 million dollars for capital improvements in the State Parks System. In 1994 the General Assembly ratified the North Carolina Parks and Recreation Trust Fund and, for the first time in history created a consistent source of capital improvements funds for the system.

As our capital improvements funds have increased so has our experience with the construction process and the Office of State Construction (OSC). When we were attempting to spend the 1993 bond funds, it took an average of 129 weeks from the time the funds were available until the contractor was ready to start construction. The Division has experienced reductions in that time frame and improvement in the service of the State Construction Office in the last year since the pressures of hurricane repairs, park, school and prison bonds have subsided. We do, however, have three suggestions which we believe will further improve the capital improvement process:

1. The State of North Carolina should adopt a "30 day or approved" review time on all facets of plan review and permit applications. This time period is a reasonable waiting period for business and is a goal used by some reviewing agencies. Without a legislative mandate requiring this outcome, review times will continue to lag and remain a significant part of the process.
2. We urge you to adopt a graduated system of reviews to help cut down on the volume of work for the OSC. We recommend any project sealed by a registered professional engineer/architect, under \$100,000.00, be exempt from SCO review requirements. Any project between \$100,000.00 and \$500,000.00, and sealed by a registered professional, receive one review at the construction document level. Any project of \$500,000.00 or greater should receive the normal three reviews as required by the current process. These levels can be adjusted, but any reduction in the number of times a project is reviewed will make the process more efficient.

Committee on State Construction

Page 2

March 16, 1998

3. Finally, we support the idea that any designers wishing to do business with the State of North Carolina be required to be familiar with the state process. This can be accomplished by substituting the Capital Projects Coordinators course for the annual State Construction Conference. Most designers crave this information and the handbook used to teach this course would be a valuable addition to every designer's library.

If you have any additional information on any of these ideas, I will be glad to discuss them with you.

Committee on State Construction

Page 2.

March 16, 1998

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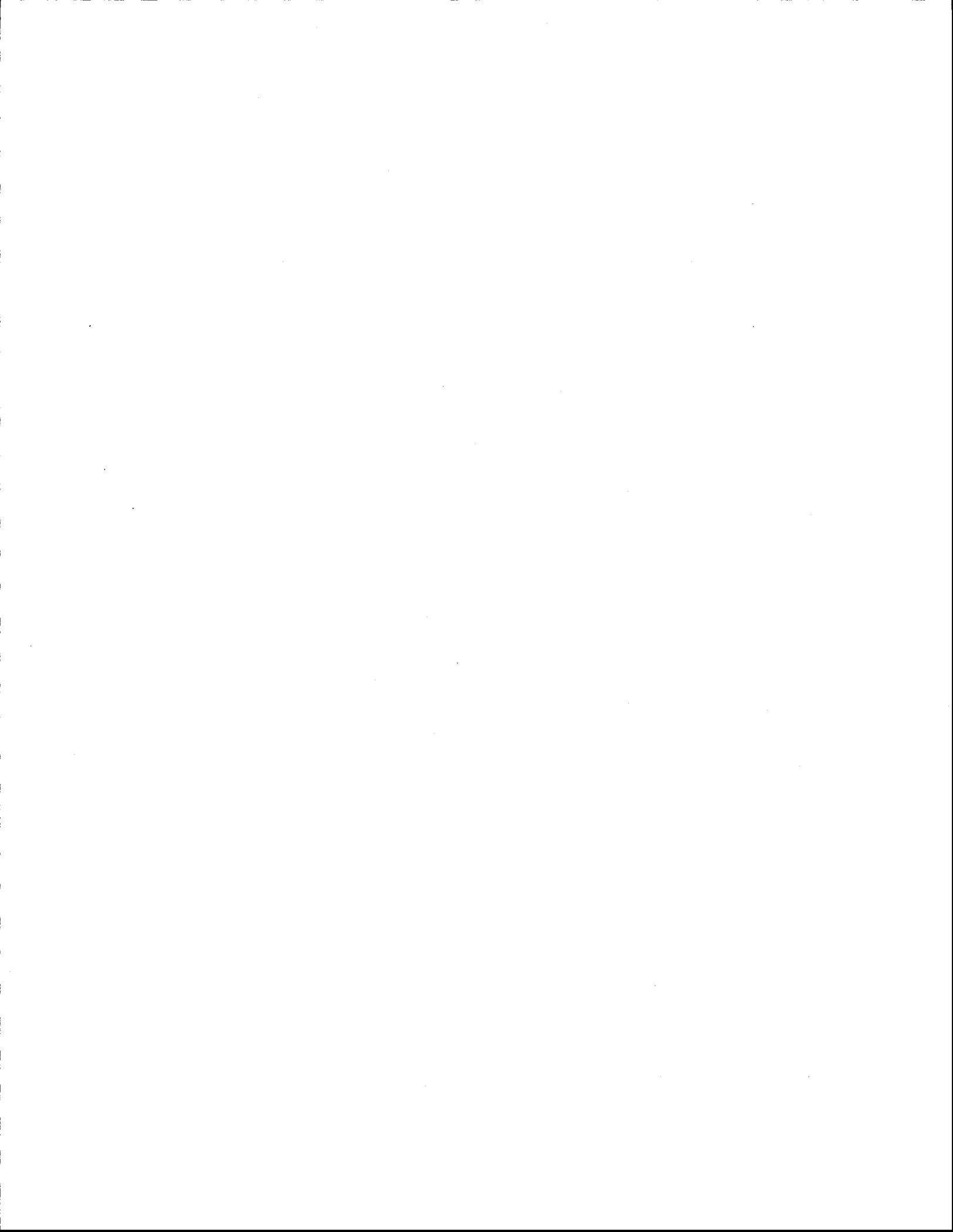


EXHIBIT K**Legislative Research Committee on State Construction
March 18, 1998**

Comments by Philip Albano, Director of Administrative and Facility Services
North Carolina Department of Community Colleges

The State Construction Office (SCO), by law, has jurisdiction over the approval process for capital improvement projects for the N.C. Community College System (NCCCS). While this approval process can be burdensome at times and more complaints than "thank-yous" are often heard, I would like to say that we do appreciate all the assistance and oversight that are provided to the community college system. Since our colleges do not have the construction expertise that is found at the SCO, we rely on them to assure that our colleges have sound economical facilities. Throughout this process however, the overwhelming complaint that we hear is of delays in the approval processes. At times, projects have been subjected to delays at the SCO due to an influx of projects brought about by large infusions of state funds, staff vacancies, special projects, legislative mandates and state emergencies resulting from natural disasters. You may not realize it, but when a disaster like hurricane Fran strikes North Carolina, the staff of the SCO is called upon to help assess the damage. This takes countless hours of staff time away from their regular duties resulting in approvals being delayed.

I would like to point out that these delays are costly to the state. For projecting future costs of buildings, the SCO uses an inflation rate of approximately 5 percent per year or 0.42 percent per month. If a \$5 million project was delayed one month, the added cost would be \$21,000 or a reduction of roughly 190 square feet (based on a building cost of \$110 per square foot). That would be half the size of an average classroom.

We do hope that your committee can indeed find the means to assist in streamlining all phases of the state construction process and reduce many delays. To that end, I would like to submit three suggestions for your consideration.

The first suggestion is that your committee recommend additional funding for the completion of the SCO's computer tracking system. The SCO is currently making efforts to enhance their tracking system which would provide interactive computer screens through the use of the Internet, thereby linking their office with all pertinent entities. This new form of communication can save time routinely lost due to shuffling paper between offices and responding to many inquires as to a project's status. With funding for this new technology, there also needs to be some provision for additional costs for staff training. The system can only be as good as the people who use it!

The second suggestion would be to recommend additional funding to permit the employment of more qualified architects and engineers. But, rather than permanently assigning these new staff members to any particular section within the SCO, let them be floaters. That is, cross train these people in more than one field so they can float between the sections as the need arises.

For example, at your last meeting the influx of projects following a generous session of the General Assembly was mentioned as one of the problems which causes delays. Now, when this influx of projects hits the SCO, the floaters could be assigned to the Administrative Services Section. There they could assist the contract coordinators in announcing for designer services, selecting designers, and negotiating and writing contracts.

As this influx of projects moves into the plan review phase, some of these floaters could be shifted to the Design/Review Section where they could review the plans and specifications.

Once projects are bid and are ready for the award of construction contracts, some floaters could return to the Administrative Service Section and assist with the awarding and approving of construction contracts.

Then, as this influx moves into the construction phase, some of the floaters could move to the Construction Administration Section and assist with monitoring the projects. Construction monitors are to attend monthly construction meetings at each project. Presently the monitors have an average of 30 construction projects assigned to each of them. With approximately 21 working days in a month, and allowing one day per week to be in the office to process their paper work, you can see that it is impossible for them to visit all of the job sites on a monthly basis. An additional benefit of more construction monitors might result in smoother projects with fewer construction problems and claims.

Having these floaters trained and available for assignment would also be beneficial in the event of a staff vacancy, a special project, or a state emergency. When a floater is not required for the project approval process, he or she could be assigned to the Facilities Condition Assessment Program (FCAP). The FCAP team is the group that travels the state and assesses the condition of State, University and Community College buildings.

If this suggestion is recommended there also needs to be additional funding for travel related expenses when floaters are assisting the construction monitors or the FCAP team. Having people available without any funds for travel does not improve the process.

The third suggestion would to recommend a revision to G.S. 143-135.3 (c), "Adjustment and resolution of State board construction contract claim." This statute provides a means for construction contractors or designers (contractors) to make a claim to the Director of the SCO for amounts due. The statute sets out the time by which a contractor must make the claim (60 days) and the time by which the Director must "investigate" the claim (90 days), but does not establish an appropriate time limit on obtaining a decision from the Director. There needs to be a maximum time limit, perhaps 90 days. Without such a time limit, projects cannot be closed out and owners and contractors do not know where they stand in regards to final payout or payment. This may be another area where additional staff could be of assistance.

For example, at your last meeting the influx of projects following a generous session of the General Assembly was mentioned as one of the problems which causes delays. Now, when this influx of projects hits the SCO, the floaters could be assigned to the Administrative Services Section. There they could assist the contract coordinators in announcing for designer services, selecting designers, and negotiating and writing contracts.

As this influx of projects moves into the plan review phase, some of these floaters could be shifted to the Design/Review Section where they could review the plans and specifications.

Once projects are bid and are ready for the award of construction contracts, some floaters could return to the Administrative Service Section and assist with the awarding and approving of construction contracts.

Then, as this influx moves into the construction phase, some of the floaters could move to the Construction Administration Section and assist with monitoring the projects. Construction monitors are to attend monthly construction meetings at each project. Presently the monitors have an average of 30 construction projects assigned to each of them. With approximately 21 working days in a month, and allowing one day per week to be in the office to process their paper work, you can see that it is impossible for them to visit all of the job sites on a monthly basis. An additional benefit of more construction monitors might result in smoother projects with fewer construction problems and claims.

Having these floaters trained and available for assignment would also be beneficial in the event of a staff vacancy, a special project, or a state emergency. When a floater is not required for the project approval process, he or she could be assigned to the Facilities Condition Assessment Program (FCAP). The FCAP team is the group that travels the state and assesses the condition of State, University and Community College buildings.

If this suggestion is recommended there also needs to be additional funding for travel related expenses when floaters are assisting the construction monitors or the FCAP team. Having people available without any funds for travel does not improve the process.

The third suggestion would to recommend a revision to G.S. 143-135.3 (c), "Adjustment and resolution of State board construction contract claim." This statute provides a means for construction contractors or designers (contractors) to make a claim to the Director of the SCO for amounts due. The statute sets out the time by which a contractor must make the claim (60 days) and the time by which the Director must "investigate" the claim (90 days), but does not establish an appropriate time limit on obtaining a decision from the Director. There needs to be a maximum time limit, perhaps 90 days. Without such a time limit, projects cannot be closed out and owners and contractors do not know where they stand in regards to final payout or payment. This may be another area where additional staff could be of assistance.



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March 18, 1998

Dear members of the State Construction Study Committee,

Thank you for the opportunity to speak before this committee. My name is Larry Ragland, and I am President of the North Carolina League of Landscape Architects. I believe this committee can benefit from a Landscape Architect's perspective of the state construction process. To my knowledge, there is currently not a Landscape Architect on staff at the state construction office. My first recommendation to this committee is that there should be a registered Landscape Architect who is familiar with site design issues on staff with the state construction office. Site design issues quite often take a back seat to building issues on many projects. Out in the private arena, Landscape Architects commonly deal with rezoning issues, site plan approval submissions, and site related issues such as minimum landscaping required by many city and county jurisdictions. Much of the current state construction process seems to be oriented toward the completion of the building or structure, with less attention given to the site demands and site related schedules such as horticultural concerns and environmental permit reviews. Today's environmental concerns make the site design, and site work schedules, the critical path which most projects must ultimately adhere to. Without someone, such as a Landscape Architect, to monitor and assess the proposed development impact on the landscape, projects that were thought to be on schedule and within budget can be suddenly behind schedule and over budget, with no way of recovery.

In addition to paying more attention to site related issues when inventing the scheduling and review process, the state also needs more professional involvement in the project's early conception. Quite often, it seems the state construction office is left struggling with trying to put the wrong program on the wrong site. Site selection studies, and project

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feasibility studies are common activities by Landscape Architects out in the private sector. In the public sector, the state construction office is given little opportunity to say much about the purchase of a new site, or the suitability of a particular site for a particular program. Projects that would never see the light of day in the private sector are pushed through the public construction process simply because little or no justification has to be made for sticking a square peg in a round hole. Each site is uniquely different and has its own unique challenges. There should be a point early in the process where the site design issues are addressed and the feasibility of the project reviewed. This should be more of a review than "Can we move the mountain out of the way?". Good site design requires careful sensitivity to natural resources and the user needs, and Landscape Architects should be called upon as prime designers to help the state achieve good site design that will ultimately lead to better efficiency in the review process and less cost of the site related construction.

I will close my comments by recommending to the committee two significant changes in the current system. 1) Create a position for a registered Landscape Architect in the state construction office. 2) Utilize that Landscape Architect to readdress the procedures and schedules for state construction projects, so that site suitability and environmental concerns are dealt with early in the process. This will also allow more input about horticultural and environmental scheduling criteria. State agencies need to conduct more study of their needs relative to available site capabilities before the state construction office is forced to review drawings of the square peg jammed into the round hole.

Thank you for this opportunity to have input,

Larry J. Ragland, ASLA, NCRLA #324
President, NCLoLA

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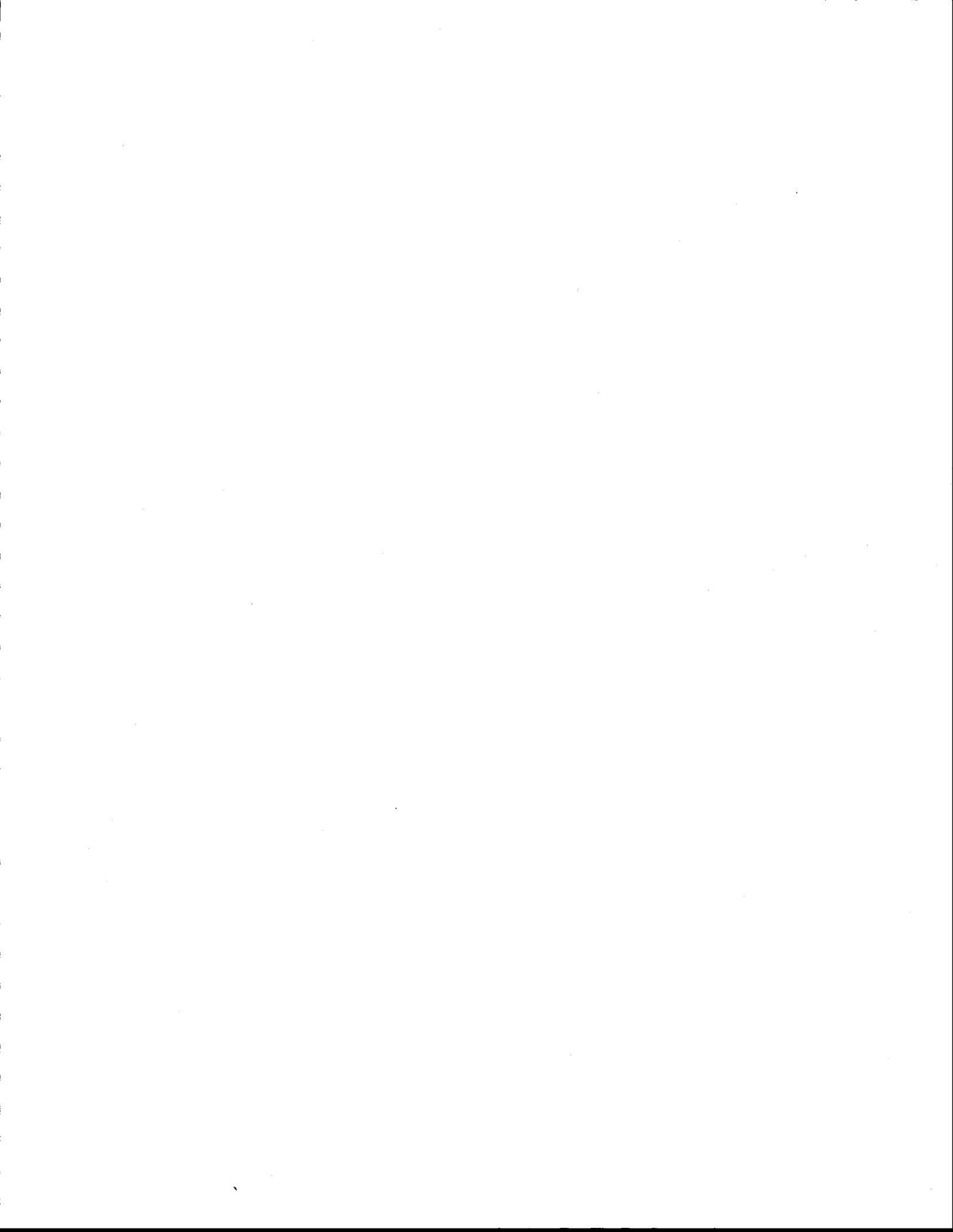
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AIA North Carolina

A Chapter of The American Institute of Architects

AIA NC REPORT OF THE LEGISLATIVE RESEARCH COMMISSION, STATE CONSTRUCTION COMMITTEE **March 16, 1998**

The issue before this committee is to discuss and recommend ways to improve or streamline the Office of State Construction design review process.

Legislative authority for the Office of State Construction is found in Articles 1, 8, 31, 36, 135, and 354 of G.S. Chapter 143. From that authority, the Office of State Construction defines its mission and functions as follows:

MISSION

To provide professional services and management leadership for the effective and efficient administration of the State's capital improvement program; to administer the Facility Condition Assessment Program and to assist the State Building Commission in the execution of its duties.

FUNCTION

The State Construction Office assists the State Building Commission and other agencies in the execution of their duties, including:

- Assisting other agencies in preparing and reviewing project budget requests.
- Assisting in the selection of architectural and engineering firms for projects.
- Assisting in negotiating and preparing design contracts.
- Review and approval of:
 - Schematic Design Documents
 - Design Development Documents
 - Working Drawings and final project plans
 - Coordinate bidding process
 - Review bids and approve award of contracts
 - Monitors construction of projects from beginning to completion and acceptance.
- Assisting user agencies identify major deficiencies in their existing building systems for use in the preparation of requests for R & D budget funds.

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Wilmington, NC 28406
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- Preparing background information on architects and engineers for use in designer selection
- Providing background information on contractors for use in award of contracts.
- Providing technical assistance and information for use by the State Building Commission.

The State Construction Office assists the Director of the Budget (GS 143-31 & 31.1.)

- In assuring that improvement funds are spent in accordance with budget; and
- In assuring that such projects have been designed giving proper consideration to economy in first cost, in maintenance cost, in materials and type of construction.

PROBLEMS OBSERVED IN THE PROCESS

The above is an outline of the functions of the State Construction Office. Some of you have heard or read the recent comments by Speros J. Fleggas, Director of the State Construction Office, in a presentation before the Joint Legislative Commission on Governmental Operations.

Here is what Mr. Fleggas says are some of the problems in the process:

- * Projects get bogged down with minor details.
- * Problems in personality.
- * Competing agendas.
- * The ultimate goal is forgotten - to get the project built and occupied as quickly and efficiency as possible.
- * The State needs to realize fair value for work performed and the private sector is afforded the opportunity to make a profit.
- * On average, it took a project **3.1 years** to go from appropriation to start of construction.
- * Contract preparation and review process took **174 days**.
- * Of the 40 possible review agencies, 17 is the average for a project. State Construction Office is the clearinghouse for the reviews of all agencies.

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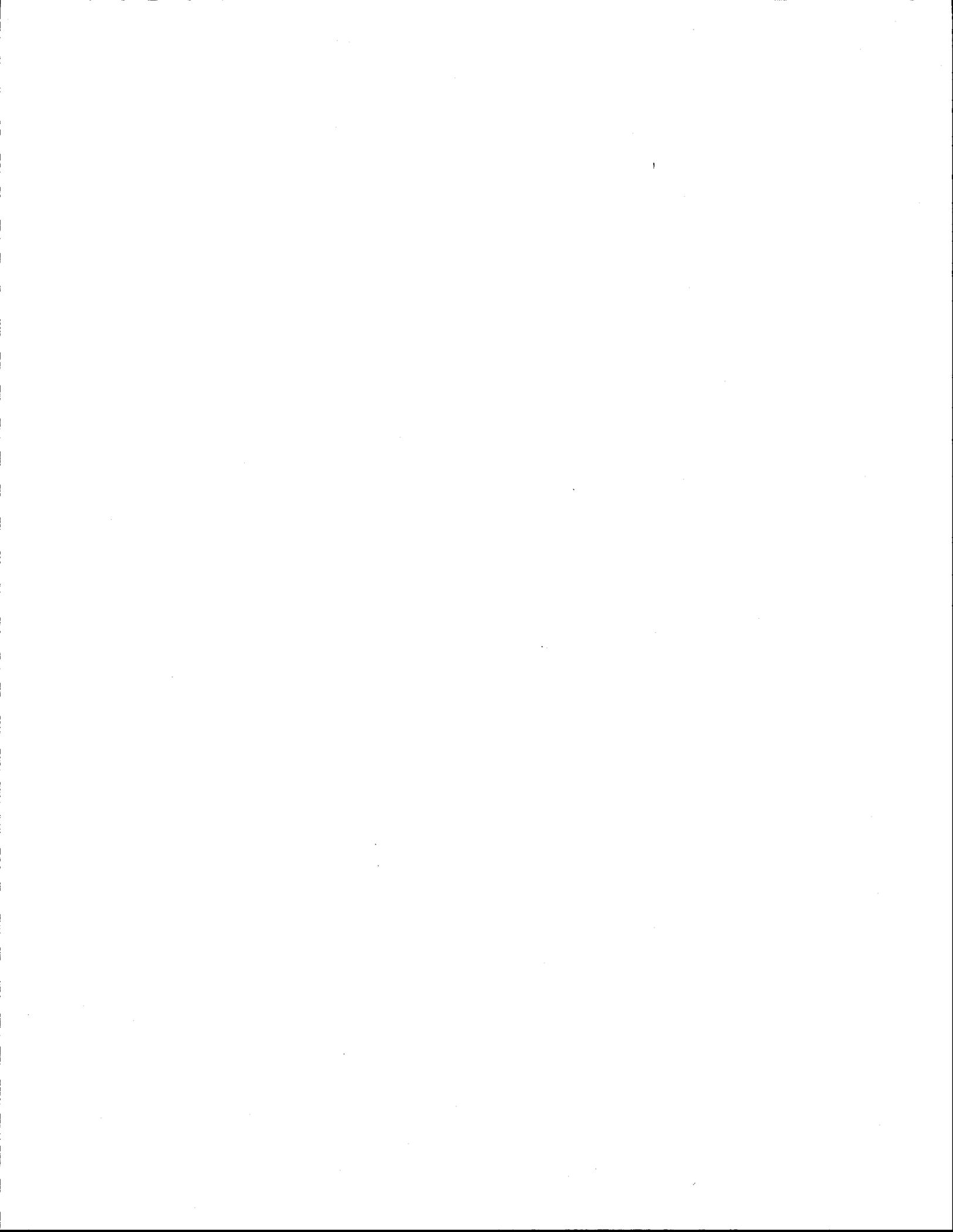
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- * Problems in the review process often begin with poor or incomplete work by designers.
- * User agencies push projects to review, putting designers in impossible position.
- * There are often conflicting review comments for other reviewing agencies.
- * User agencies sometime have program requirements which exceed the budget. This forces compromises in design.
- * There is no authority to mediate differences between reviews, positions, and concerns of the various state agencies, often falls on State Construction.
- * The unclear method for handling the permitting process, a responsibility that often falls on the design team.
- * The above mentioned problems led Mr. Fleggas to urge the creation of this legislative study commission.

AIA North Carolina is very much concerned about the situation and knows that engineers and contractors are equally concerned. The idea of a centralized controlling authority, as mentioned by Mr. Fleggas, would result in the substituting of a potentially less attractive solution for an existing solvable situation.

AIA NORTH CAROLINA POSITION

We offer a list of possibilities to help improve and streamline the public building process. Using the outline of State Construction Office functions as a guide, we propose the following:

General Comments:

- The SCO should establish written building standards or guidelines for systems, materials or design issues, other than code issues which are covered by other reviewing agencies, and the designer should be held to those standards for submittal at each design phase.
- SCO should not be reviewing for designer compliance with codes. This is the function of other agencies charged with the development and monitoring code compliance.

- SCO should give back the responsibility for design to the designers. If **written state standards** are required, designers must comply. Where there are valid reasons not to comply with a standard, a review may be necessary to discuss waiving that standard.
- If a submittal for review is not complete, return it unreviewed for completion. Designers should not send incomplete contract documents for review hoping to "buy time" to complete their documents while the SCO review is going on. SCO aids and abets this by providing lengthy review comments, many of which are subjective.
- Designers should not rely on SCO to redicheck their plans. The design teams are responsible for complete work and should take the consequences if not complete. The General Statutes cover the scope of the practice of architecture and engineering. We design, bid and provide construction administration for multi-million dollar projects in the private sector under these Statues on a regular basis without an outside review.
- Public or state projects should only add the processing of state (public) standards to the design process. This is all the State Construction Office review process should review. A redicheck system for state standards or requirements could be developed for use in each phase of the design process by SCO. The AIA and the other design professionals are willing to help in development of this system if requested by SCO.
- User agencies' operations/maintenance staff need to have more input into the materials and systems proposed by the designers.
- SCO should establish a department, or section, to develop and present a full set of coordinated reviews from each/every other state reviewing agency with the review of each design phase.
- In-office reviews in the State Construction Office in Raleigh would expedite approval time. This process is very helpful on the large projects.

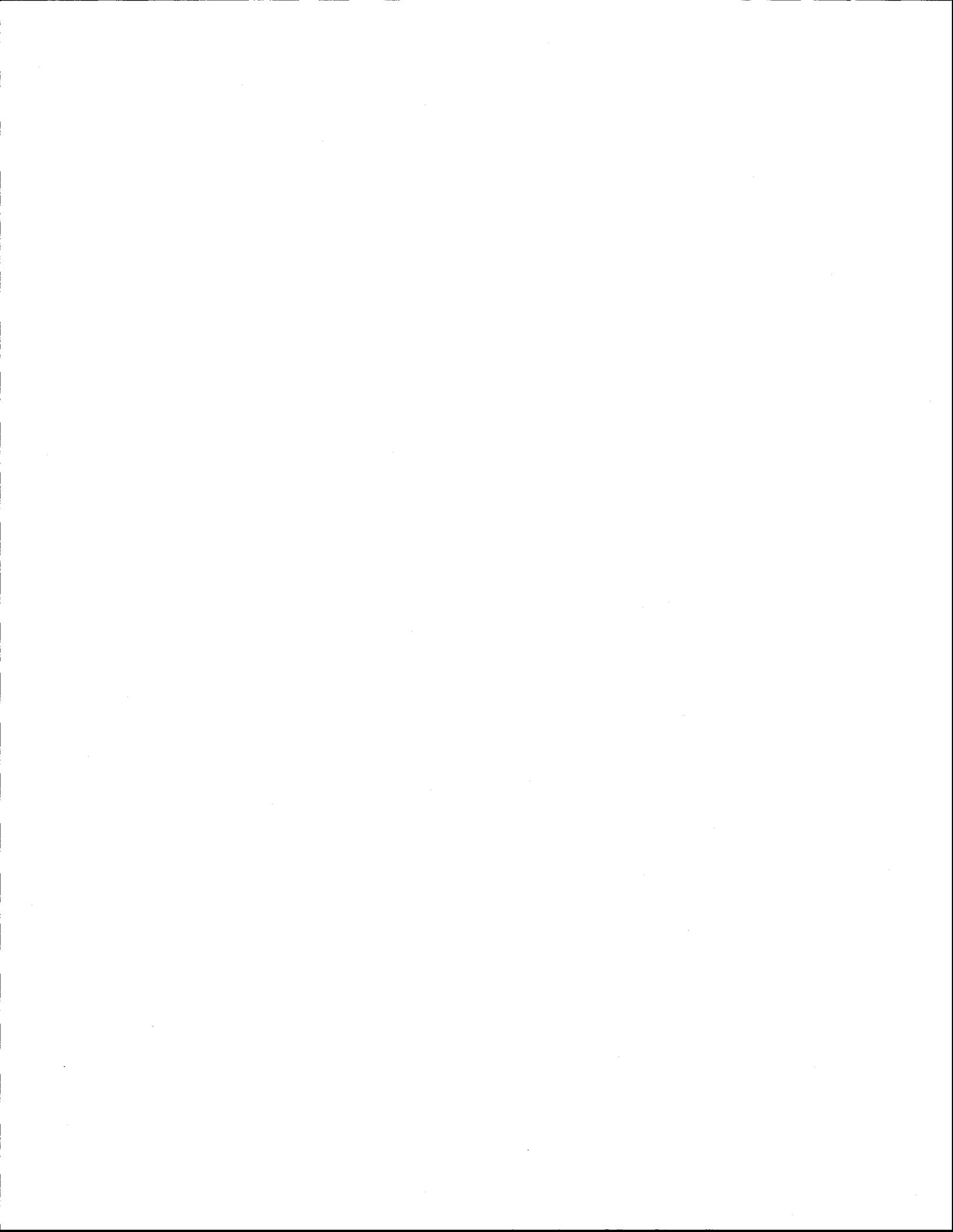
Project Scope and Funding Definition

In general, funds should not be appropriated until a firm scope and budget is established. The process of "Advance Planning" has gone awry. As this was initially conceived, the user agency, with the selected designers, would explore a project conceptually, create the program in terms of size and hopefully have a specific site which could then be **budgeted** to reflect that scope. The legislature would then approve funds for capital projects with a defined scope and budget. The user agency and designer would be held accountable to comply with the scope and funding.

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Currently, there are too many projects, particularly smaller projects for smaller user agencies, that are not properly scoped or budgeted. Problems occur when the client expects more than can be delivered for the amount funded by the legislature. **The Design and Review Process Comments:**

The user agency should have the primary role in selection of the designer. Generally the selection process has been handled effectively, with work being awarded to capable firms.

In negotiating fees, the design professionals should be compensated for state work at a level at least equal to fees negotiated for private work. Logic says that fees should be even greater for state work because of the additional work required to meet state special requirements and review processes. An example of the SCO position on fees is the current maximum hourly rate for principals of \$70/per hour for scope change work compared to \$100 to \$120/per hour on private work.

Schematic Design: The user agency should review and sign off prior to submitting to SCO. The SCO review should only be for written state standards of a conceptual nature and for compliance with budget limitations after user agency review.

Design Development: The review should again follow the user agency review and comment. SCO should review against written state standards in the design/specs and for compliance with budget requirements. All systems should be evaluated in this phase and signed off on by both the user agency and SCO.

Contract Documents: This review should occur after review and comments from the user agency. Compliance should be viewed against written state standards and not individual reviewer biases or prejudices. This should not be a plan check, which should have been done by the designer.

Bidding / Negotiation / Award

When bids, negotiations, and funding permit an award, the SCO and user agencies need to act promptly on issuing funding and award letters prior to expiration of pricing dates offered by the contractors.

Construction Administration

SCO needs to work with contractors, user agencies, and designers to facilitate the change order and pay request process in every way possible. Cash flow is critical during construction.

When delays occur and designers make recommendations to the SCO regarding the withholding of funds or notifications to bonding companies, SCO needs to follow through with the designer's recommendations. This is particularly true in multi-prime projects where one prime's non-performance is causing damages to

other prime contractors in terms of efficiency, delay, cost increases, etc.

Technology

After this review process has been streamlined and a new system developed, a serious look needs to be made of the existing outdated computer system now in use by SCO. Adequate funds should be appropriated for a new, current, state of the art system designed to enhance the new revised design process and construction review system.

Staffing

Managing staffing in the Office of State Construction is not unlike that in an architectural office. The volume of work in the office at any one time is not totally under the control of management. An example of this for SCO was the addition of the major prison expansion a few years ago and its impact to the ongoing other state work in the office.

Efficient use of staff needs to be an important part of the redesigned review process. Adequate funding should be provided for the required staffing.

Finally, the Office of State Construction tries to meet its mission of providing quality construction for the taxpayers of North Carolina in its public buildings. It's an enormous task and merits the support of the General Assembly. The most important thing that can be done now is to step back and look at the mission, the participants, the motives of each and focus on defining those tasks that will let the SCO do its part effectively.

It is our recommendation that the mission and functions of State Construction can best be reorganized and streamlined by a committee of interested professionals and state agency officials. Time and power to fully study and resolve this matter should be afforded them to accomplish this through an administrative process.

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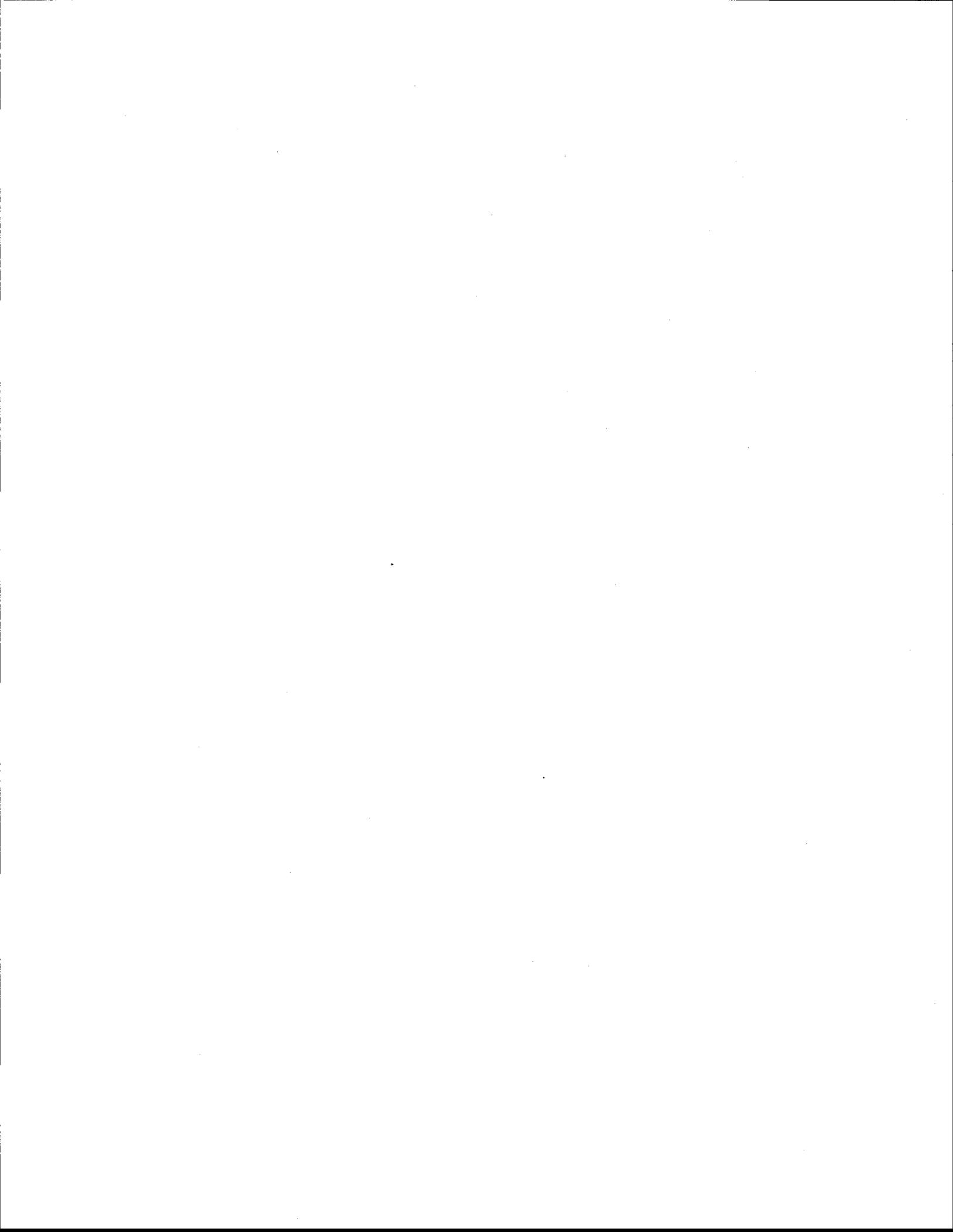
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**CAROLINAS AGC POSITION
STATE CONSTRUCTION STUDY COMMITTEE
MARCH 18, 1998**

Carolinas AGC appreciates the opportunity to provide input into the fine work of the State Construction Study Committee. Our association consists of about 3,500 general contractors, specialty contractors, subcontractors, suppliers and others in the commercial, non-residential construction industry. We are the largest AGC chapter in the nation.

We agree with a statement made by Rep. Ed McMahan at this committee's last meeting that the State Construction Office has improved its construction process, particularly in the last two years. We also applaud the committee for taking on a tough challenge of making recommendations for the upcoming short session of the NC General Assembly.

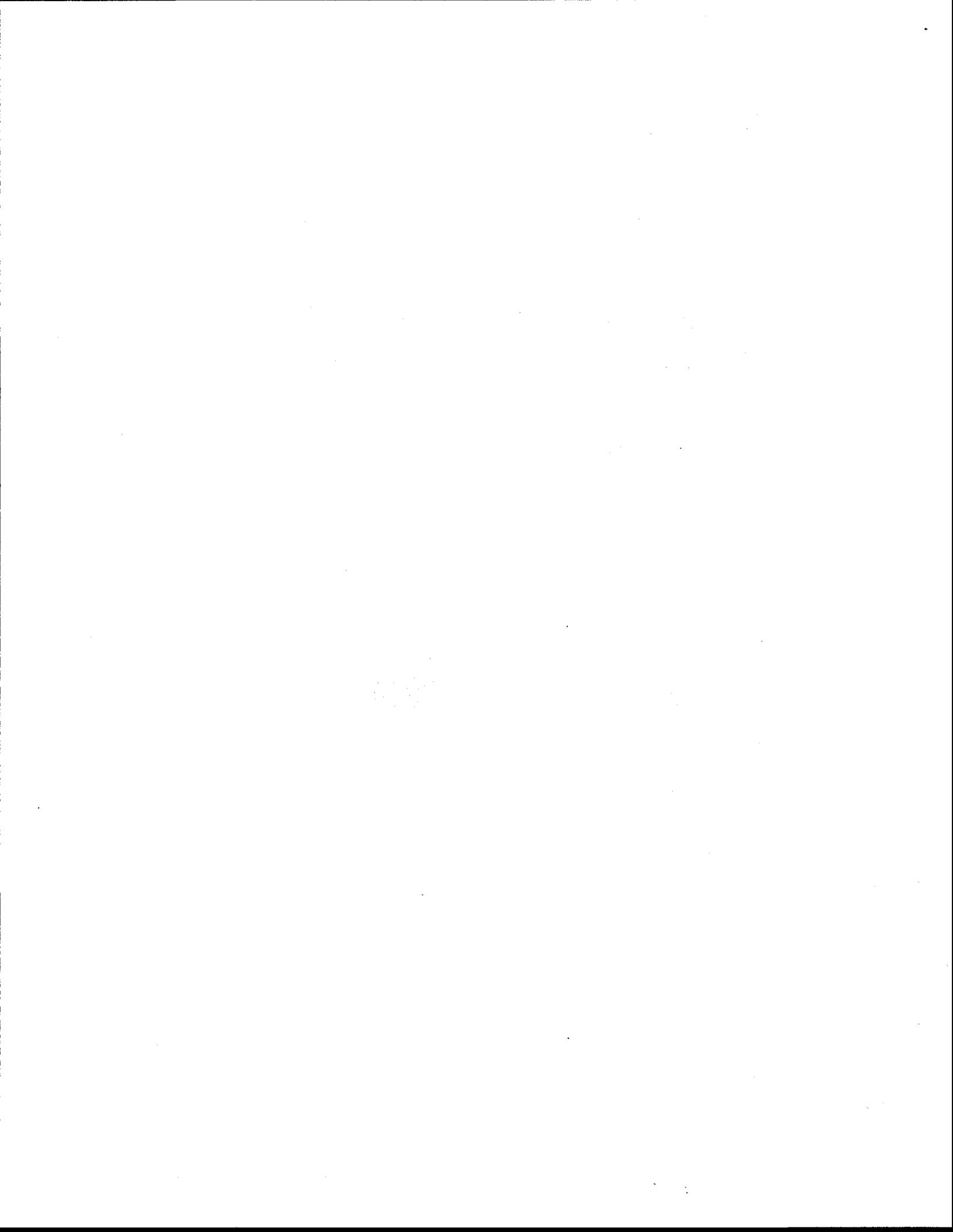
The committee, at this point, seems focused on the pre-construction phase of the State Construction Office. Carolinas AGC's supports several ideas mentioned at the last meeting:

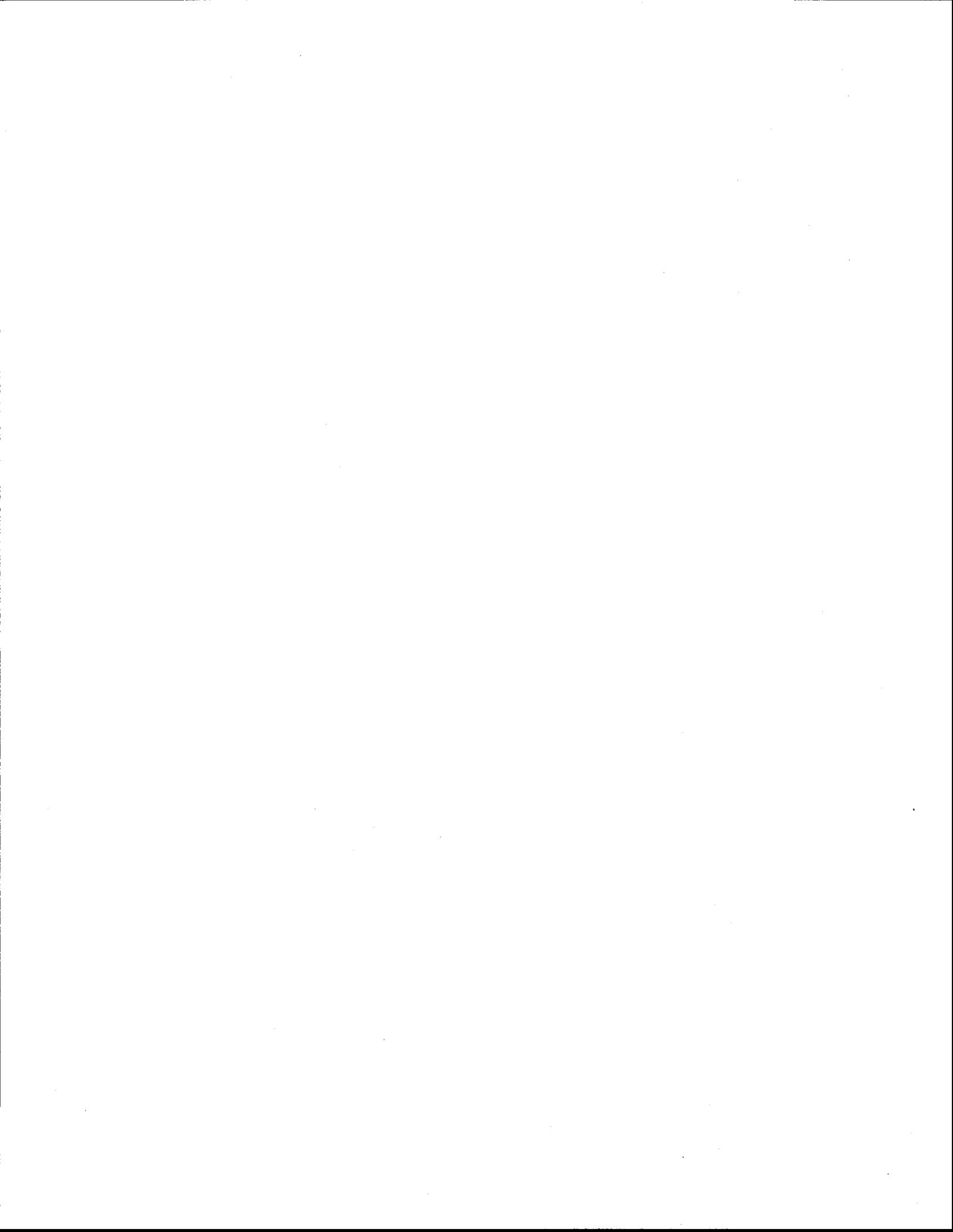
- * Providing funds to upgrade the state computer system to improve communications and speed up the state construction process.
- * Establishing a one-stop design review process.
- * Educating State Construction Office employees on ways to expedite the state construction process.
- * Including in budget requests for capital construction the construction timetable along with the design timetable.

We also would like this committee to take an in-depth look at the construction process just as it is now focusing on the pre-construction process.

However, we also realize that there is very limited time between now and your April 24th deadline to make recommendations. Therefore, we would suggest that efforts are made to continue this process -- looking at construction and all aspects of the state construction process -- and make recommendations for next year's long session of the legislature. Thank you for your time.









North Carolina
Department of Administration

James B. Hunt Jr., Governor
Katie G. Dorsett, Secretary

State Construction Office
Speros J. Fleggas, PE., Director

M E M O R A N D U M 1-97

TO: Chief Executive Officers, Business Managers and Capital Projects Coordinators of All State Agencies

FROM: Speros J. Fleggas, PE *Speros J. Fleggas*

SUBJECT: Capital Improvement Program for 1999-2001 and Capital Improvement Budget Requests for 1998 Short Session of the General Assembly Schedule for OC-25 Submission

DATE: September 30, 1997

According to procedures set forth by the Office of State Budget and Management, Form OC-25 must accompany each capital improvement request for all projects \$100,000 or greater. The purpose of this memorandum is to outline the general requirements for submission of capital improvement project requests to the State Construction Office for review and approval. A Form OC-25 and a schedule are attached for your use.

It is important that the description and justification of each project be complete. Each request must be accompanied by statements on program requirements, utility needs (including acreage fees and tap-on fees), square footage of space requirements by purpose, special equipment requirements and other available information that was used in arriving at your cost estimate. Asbestos and lead surveys should be included for all renovations and demolition projects.

Every effort should be made to use existing state-owned equipment and furnishings to make the proposed facility functional and operational. In all cases, estimated costs for fixed and moveable equipment are to be included in the cost estimate and should be furnished by the institution in the space provided on the form. The list of fixed and moveable equipment should include only items necessary to make the proposed facility functional and operational. Following are examples of items that might be necessary to make a proposed facility functional:



- 1) Desks, chairs, file cabinets, credenzas, conference room tables and chairs, etc., for an office building
- 2) Beds, wardrobes, desks, guest chairs, etc., for a health care or client living facility
- 3) Movable scientific and analytical equipment for a laboratory or classroom building.

Equipment necessary for the establishment or expansion of programs to be housed in the proposed facility must be presented separately to the Office of State Budget and Management and is not to be included on this form. Expendable supplies, equipment related to program expansion or improvement, computers, software, calculators, office equipment, equipment that replaces existing equipment, telephone system, motor vehicles or other rolling stock should not be included as part of a capital improvement request. These items should be submitted separately to the budget office.

To complete the form, the following guideline percentages are provided for your use in preparing the OC-25:

Contingencies

New construction	3%
Renovation construction	5%

Design Fee (budget purposes only) 6 to 10% (Depending on scope and project size.)

Construction Cost Escalation 5% per year (.42% per month)

All OC-25 requests must be properly presented and signed by the authorized agency representative. If existing OC-25s are being resubmitted for updating or scope change, you must provide the eleven digit OC-25 number, the original supportive information and a new approved signature. Any OC-25 older than 30 months should not be resubmitted. A new OC-25 should be submitted.

Please follow the schedule shown on the attached sheet. By following this schedule, you will enable us to return these cost estimates to you prior to April 15, 1998.

If you have any questions regarding this memorandum, please contact Kenny Hunt or Spencer Jennings of this office.

SJF/mp

Attachments: Form OC-25
 Schedule for Submission

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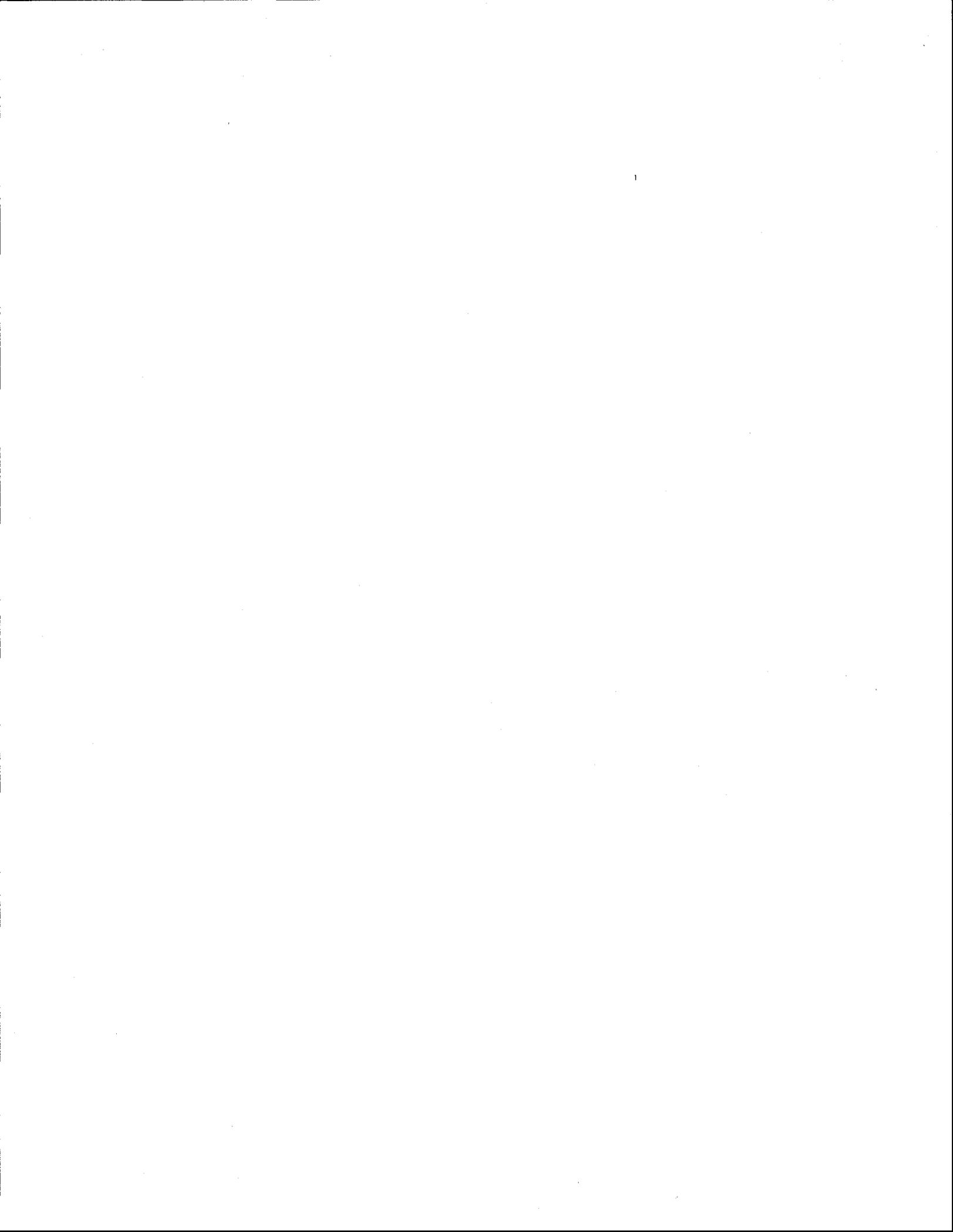
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 Schedule for Submission



SCHEDULE FOR SUBMISSION

Upon receipt of each Form OC-25, the State Construction Office will review project cost estimates and will then make these review comments available to the institutions for use in preparation of the combined 1999-2001 budget. A representative from this office will be in contact with each agency before the due date concerning the completion of forms.

SHORT SESSION 1998

All Groups On or before November 7, 1997

1999-2001 BIENNIUM

Group I On or before December 5, 1997

- 1) Department of Correction
- 2) Department of Human Resources
- 3) Department of Crime Control & Public Safety

Group II On or before January 9, 1998

- 1) Board of Governors, UNC
- 2) Department of Community Colleges
- 3) Department of Environment, Health & Natural Resources

Group III On or before February 6, 1998

- 1) Department of Transportation
- 2) Department of Administration
- 3) Department of Agriculture
- 4) Department of Justice
- 5) Other

STATE OF NORTH CAROLINA
 DEPARTMENT OF ADMINISTRATION
 STATE CONSTRUCTION OFFICE
 PROPOSED CAPITAL IMPROVEMENT PROJECT
 FOR THE BIENNIUM 19__ - 19__

Form OC-3
 (Rev. 9/93)

1. INSTITUTION OR AGENCY _____ DATE: _____
 2. PROJECT IDENTIFICATION _____
 3. LOCATION _____
 4. PROJECT DESCRIPTION AND JUSTIFICATION (Attach addt. data as necessary to indicate need, size, and function of improvements)

5. CURRENT ESTIMATED CONSTRUCTION COST*

	QTY	UNIT	COST PER UNIT	TOTAL
A. Land Requirement				
B. Site Preparation				
1. Demolition				
2. General ***				
C. Construction				
1. Utility Services **				
2. General Construction				
3. Plumbing				
4. HVAC				
5. Electrical				
6. Other _____				
7. Other _____				
D. Equipment				
1. Fixed				
2. Moveable				

ESTIMATED CONSTRUCTION COST _____

CONTINGENCIES _____% (% of Estimated Construction Cost) _____

DESIGN FEE _____% (% of Estimated Construction Cost + Contingencies) _____

ESTIMATED COST (Estimated Construction Cost + Contingency + Design Fee) _____

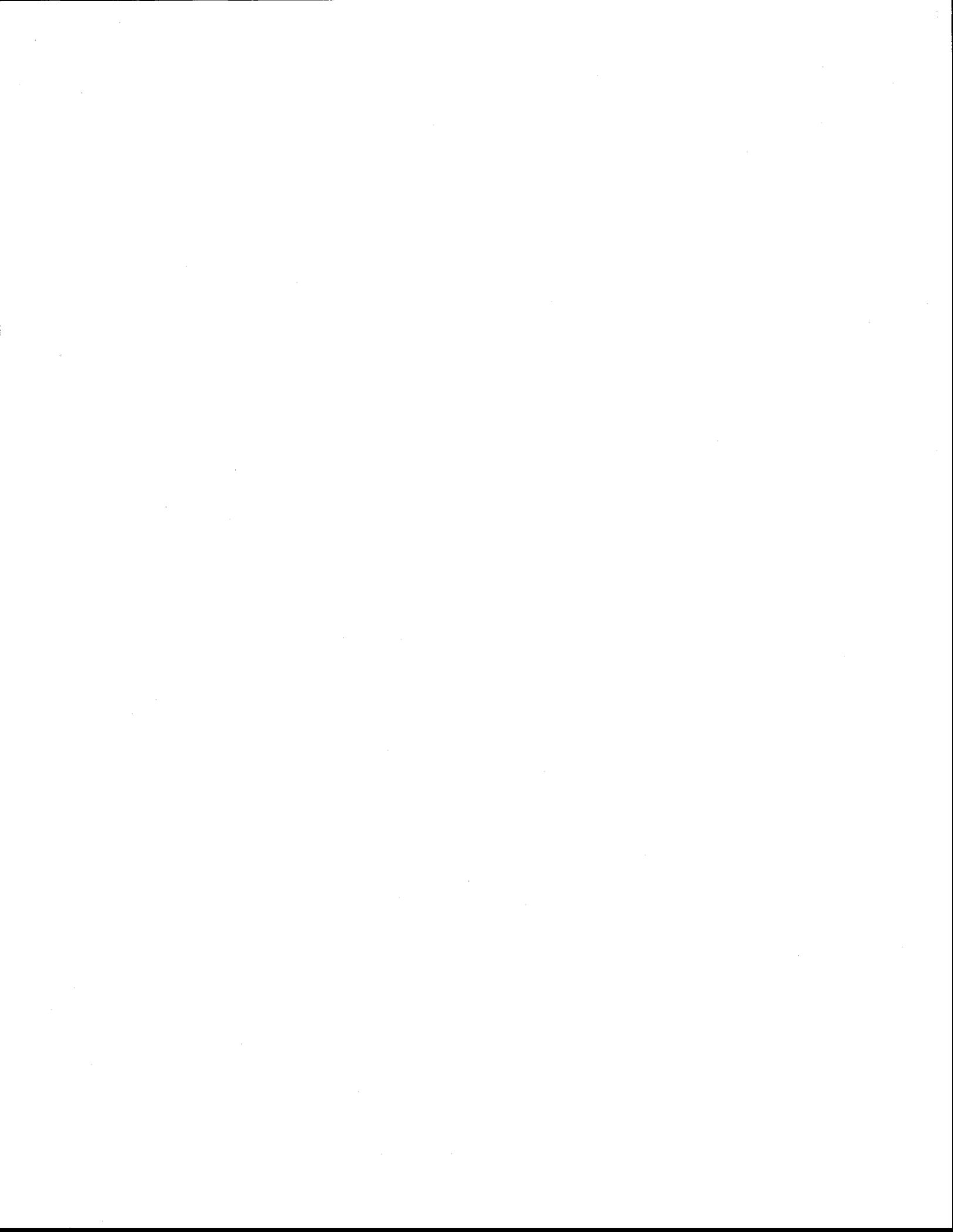
Escalation % = _____% per month x No. of months _____ (to mid-point of construction) = _____%

ESCALATION COST INCREASE = Estimated Cost x Escalation % _____

TOTAL ESTIMATED PROJECT COST _____ (Estimated Cost + Escalation Cost Increase)

*Attach basis and justification for estimate. Include description, quantities, units, special features, similar cost on recent projects, etc.
 **Attach explanation of any special building, mechanical, or electrical service requirements with approximate distance to existing water, sewer, electrical or other utility service.
 ***Include items such as grading, roads, walks, parking, etc.

APPROVED BY: _____ TITLE: _____ DATE: _____
 (Governor, Board or Agency Head)



Good morning gentlemen, my name is Keith Newcomer and I am the Executive Director for the North Carolina Association of Plumbing, Heating, Cooling Contractors. Our state wide association represents companies that install and service HVAC, refrigeration, plumbing, and fire sprinkler systems along with associated construction businesses. We are the largest plumbing and heating association in the state with 450 companies comprising our membership. Our members perform work on residential, commercial, industrial and institutional construction projects across the state. Most of our members engage in public construction on some level through out the state and many perform work on construction projects where the state is the owner.

Our members have done work on the Legislative Office Building, the Legislative Building and virtually every other state building which has been renovated or built recently in the area.

I also speak on behalf of the Carolina Electrical Contractors Association which has similar interest to ours. CECA, as they are known in the industry has a large number of electrical contractors and supplier members. CECA estimates that more than 50% of the total dollar volume, on the electrical portion of public projects is done by their members.

The members of both associations ..appreciate the opportunity to bid competitively for state construction projects.

We also want to lift up the State Construction Office and it's Director... Mr. Fleggas, they have been a valuable source of information and... an impartial mediator for many disputes or conflicts which arise on state construction projects. Our members feel that Mr. Fleggas is sometimes under appreciated... and that he is one of the fairest directors of that office they have seen in many years. The State Construction Conference which has been held each year... is a very valuable conference for those who participate in state construction projects and provides a tremendous amount of information to those who attend.

The State Construction Office is sometimes slower than we all would like to see... and we would like to have quicker responses for inquiries. We feel that one way of increasing the response time may be to add additional staff, ...so that turn around time on project inquires can be reduced. But, with the present large volume of state construction we feel the office does a good job.

Mr. Fleggas has described his office as a "toothless" tiger during the Design and Review process. Perhaps some consideration may be given to allow his office to make decisions on conflicts which arise between the owner and regulator agencies. A mediator of last resort to make certain that the process moves in an expedient manner. It appears that a decision maker is needed to settle problems and we feel that there is not a better agency to do this sort of resolution that state construction.

His office does a valuable serving in design and review of projects and many problems are corrected during this review... which could cause delays, claims, and conflicts once the project has entered the construction process. The time lost and additional cost to correct these problems during construction are avoided by the review provided by state construction. Without this level of scrutiny and responsibility the number of projects with problems would most likely increase. If there are issues of delaythen give the State Construction Office additional staffing to deal with the increased volume of work. If time is the critical issue then increase staffing levels, not

eliminate the procedure it is much too valuable for everyone in the construction process and the owner.

We are all concerned by a trend of giving more autonomy to some public owners, ... ie the university system, if this means the review process suffers.

Job site conflicts due to non-code compliance can be a major holdup in the construction process. Why should our private homes or private building be required to meet more stringent construction requirements than a building which is being built by the state of North Carolina? Where are we!... when there is no review of construction projects... we're concerned about the potential problems which could be overlooked without a review.

I chaired the Commercial portion of North Carolina Ad Hoc Energy Advisory Committee for 6 years while we put together what has become Volume X of the North Carolina Building Code. After it was adopted there was a series of workshop put on around the state, these workshops were designed to educate the design community on the new Energy Code requirements. The Division of Energy sent invitations about these educational seminars to every licensed architect and engineer in the state. During the five meetings we had a total of about 300 people participate in all the seminars. The majority of these people were inspectors from cities and counties who do not even inspect state construction projects. I know of an engineering firm in Greensboro who is now teaching the professional design community this code which has been law for over three years. Let me also say that we have the up most respect for the engineering and architectural community and with the volumes of work they do... they do a tremendous job but, no one can be expected to be perfect... and that is what we are asking these people to do without providing them any assistance until it cost someone time or money or both. I have always been told that the more sets of eyes you having looking at something then the better the chance you have of getting it right the first time around. When we eliminate this review process... we are not allowing that other set of eyes to help us all out.

All of my remarks so far... have addressed the pre-construction process. The members of our associations have a very real concern about the post construction process and the reason for that is... when something has not been corrected during plan review ... it now becomes their problem to solveand their blame to be footed. They don't feel that the blame should become theirs for something that could have been corrected at a far less cost... in a prior stage of the process.. but, now.... has to become a financial burden for them to make right. (Time and money)

We appreciate the opportunity to speak on the state construction process and we appreciate the partnership we have with the State of North Carolina. Our members also appreciate the benefits that many of them have obtained from the State Construction Office, which have arisen and would support any effort to allow them to do their job better.

Thank you for allowing me to speak on behalf of our members.

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